

NEW ISSUE — BOOK-ENTRY ONLY

Rating: Standard & Poor's: AAA
(Capital Guaranty Insured)
(See "RATING" herein)

In the opinion of Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series 1993 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$23,945,000

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK, CALIFORNIA
(City Centre Redevelopment Project)
Tax Allocation Bonds, 1993 Series A

Dated: June 1, 1993

Due: December 1, as shown below

The Series 1993 Bonds will be payable on June 1 and December 1 of each year, commencing on December 1, 1993. The Series 1993 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Series 1993 Bonds will be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof. Beneficial owners of the Series 1993 Bonds will not receive bond certificates representing their interests in the Series 1993 Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers. Principal of and interest on the Series 1993 Bonds will be paid by the Trustee (hereinafter defined) to DTC, which will in turn remit such principal and interest to DTC Participants for subsequent disbursement to the beneficial owners of the Series 1993 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 1993 Bonds are being issued under the Indenture of Trust, dated as of March 1, 1990 (the "1990 Indenture"), by and between the Redevelopment Agency of the City of Burbank, California (the "Agency") and Bank of America National Trust and Savings Association, Los Angeles, California, as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture of Trust, dated as of May 1, 1993 (the "Supplemental Indenture", together with the 1990 Indenture, the "Indenture").

The Series 1993 Bonds are being issued to provide funds, together with other available moneys, (i) to refund a portion of the Agency's previously issued City Centre Redevelopment Project Tax Allocation Bonds, 1990 Series A (the "Series 1990 Bonds"), originally issued in the aggregate principal amount of \$14,235,000, (ii) to finance additional public improvements in the City Centre Redevelopment Project, (iii) to fund the Reserve Account and (iv) to pay certain costs of issuance of the Series 1993 Bonds, as more fully described herein. See "PLAN OF FINANCING" herein.

The Series 1993 Bonds will constitute special obligations of the Agency, payable from and secured by an irrevocable pledge of certain Tax Revenues (as defined herein) derived from the Agency's City Centre Redevelopment Project Area, and payable on a parity with a portion of the Agency's Series 1990 Bonds not refunded, all as more fully described herein.

Payment of principal of and interest on the Series 1993 Bonds when Due for Payment which is unpaid by reason of Nonpayment (as such terms are defined in the Financial Guaranty Bond) will be guaranteed by a Financial Guaranty Bond to be issued by Capital Guaranty Insurance Company simultaneously with the delivery of the Series 1993 Bonds.

CAPITAL GUARANTY INSURANCE COMPANY



THE SERIES 1993 BONDS ARE NOT A DEBT OF THE CITY OF BURBANK, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY OF BURBANK, THE STATE OF CALIFORNIA NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON. IN NO EVENT SHALL THE SERIES 1993 BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AGENCY PLEDGED UNDER AND TO THE EXTENT REQUIRED BY THE INDENTURE.

The Series 1993 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 1993 BONDS — Redemption."

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
\$3,960,000 Serial Series 1993 Bonds

Due (December 1)	Principal Amount	Interest Rate	Price or Yield	Due (December 1)	Principal Amount	Interest Rate	Price or Yield
1993	\$300,000	2.50%	100%	2000	\$105,000	4.90%	100%
1994	85,000	2.90	100	2001	545,000	5.00	100
1995	85,000	3.60	100	2002	575,000	5.10	5.15
1996	85,000	4.00	100	2003	600,000	5.20	5.30
1997	90,000	4.30	100	2004	635,000	5.30	5.40
1998	95,000	4.60	100	2005	665,000	5.40	5.50
1999	95,000	4.80	100				

\$8,850,000 5.00% Term Series 1993 Bonds due December 1, 2015 @ 89.729%
\$11,135,000 5.50% Term Series 1993 Bonds due December 1, 2023 @ 94.708%
(Accrued Interest to be Added)

The Series 1993 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval as to their legality by Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Brown & Wood, San Francisco, California. It is anticipated that the Series 1993 Bonds, in book-entry form, will be available for delivery to DTC in New York, New York on or about June 3, 1993.

DEAN WITTER REYNOLDS INC.
Dated: May 19, 1993

PRAGER, MCCARTHY & SEALY

No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 1993 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 1993 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other parties described herein since the date hereof.

All summaries of the Indenture and documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1993 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK, CALIFORNIA

Members of the Agency Board and City Council

George Battey, Chairman - Mayor
Bill Wiggins, Vice Chairman - Vice Mayor
Robert R. Bowne, Member - Councilmember
David Golonski, Member - Councilmember
Susan E. Spanos, Member - Councilmember

Agency and City Staff

Robert R. Ovrom, Executive Director - City Manager
Robert Tague, Assistant Executive Director - Deputy City Manager
Community Development Director
Jim Rogers, Agency Treasurer - City Treasurer
Margaret M. Lauerma, Agency Secretary - City Clerk
Joseph W. Fletcher, Agency Attorney - City Attorney
Stephen W. Helvey, Assistant City Manager
John K. Nicoll, Management Services Director
Alvin E. Holliman, Financial Services Director

PROFESSIONAL SERVICES

Bond Counsel

Jones Hall Hill & White, A Professional Law Corporation
San Francisco, California

Financial Advisor

Evensen Dodge Inc.
Costa Mesa, California

Trustee

Bank of America National Trust and Savings Association
Los Angeles, California

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OFFICIAL STATEMENT

\$23,945,000

**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK, CALIFORNIA
(City Centre Redevelopment Project)
Tax Allocation Bonds, 1993 Series A**

INTRODUCTION

This introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Series 1993 Bonds (as defined below) to potential investors is made only by means of the entire Official Statement. Terms used in this Official Statement and not otherwise defined shall have the respective meanings assigned to them in the Indenture (as defined below).

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the sale by the Redevelopment Agency of the City of Burbank, California (the "Agency") of its City Centre Redevelopment Project Tax Allocation Bonds, 1993 Series A (the "Series 1993 Bonds"), in the aggregate principal amount of \$23,945,000. The Series 1993 Bonds are being issued pursuant to the authority granted by the constitution and laws of the State of California (the "State"), including the Redevelopment Law, described below, and in accordance with the terms and conditions of an Indenture of Trust, dated as of March 1, 1990 (the "1990 Indenture"), by and between the Agency and Bank of America National Trust and Savings Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture of Trust, dated as of May 1, 1993 (the "Supplemental Indenture", together with the 1990 Indenture, the "Indenture"). The Series 1993 Bonds are being issued for sale to the Burbank Public Financing Authority pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584 of the California Government Code) (the "JPA Law").

The Agency and the Redevelopment Project

The Agency was activated by the City Council of the City of Burbank (the "City Council") in 1970 pursuant to the Community Redevelopment Law of the State of California (Part I, commencing with Section 33000, of Division 24 of the California Health and Safety Code) (the "Redevelopment Law"). The City Council serves as the Governing Board of the Agency and the City Manager of the City of Burbank (the "City") serves as the Executive Director of the Agency. Day-to-day activities are carried out by the Agency staff. See "THE AGENCY" herein for additional information.

On October 26, 1971, pursuant to Ordinance No. 2315, the City adopted its Redevelopment Plan for the City Centre Redevelopment Project (the "Redevelopment Plan"). The City Centre Redevelopment Project (the

"Redevelopment Project") consists of approximately 212 acres in 270 non-contiguous parcels, representing approximately 1.94% of the total acreage in the City (the "Project Area"). The Project Area encompasses the downtown area of the City and consists principally of commercial, office and retail users. See "CITY CENTRE REDEVELOPMENT PROJECT" for additional information.

The Series 1993 Bonds are being issued for the purpose of providing funds, together with other available moneys, to advance refund a portion of the outstanding principal amount of the Agency's City Centre Redevelopment Project Tax Allocation Bonds, 1990 Series A, originally issued in the aggregate principal amount of \$14,235,000, of which \$13,745,000 currently remain outstanding, all as more fully described under "PURPOSE OF FINANCING" herein. A portion of the Series 1993 Bond proceeds will also be used to finance additional public improvements within the Project Area, to fund the Reserve Account and to pay costs of issuance of the Series 1993 Bonds.

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above indicated.

Any future decrease in the assessed valuation in the Project Area, the applicable tax rates or tax collection rates, a general decline in the economic stability of the Project Area or a change in law reducing tax increment received by the Agency from the Project Area, will reduce the Tax Revenues (as more particularly described under the caption "SECURITY FOR THE SERIES 1993 BONDS") allocated to the Agency from the Project Area and correspondingly would have an adverse impact on the ability of the Agency to pay debt service on the Series 1993 Bonds. See "RISK FACTORS" and "LIMITATIONS ON TAXES AND APPROPRIATIONS." See also "CITY CENTRE REDEVELOPMENT PROJECT — Appeals of Assessed Valuation" herein for information regarding appeals of large property owners.

The Series 1993 Bonds are special obligations of the Agency, equally and ratably secured by an irrevocable pledge of certain Tax Revenues derived from the Project Area, and payable on a parity with the pledge of such Tax Revenues for the payment of the Agency's outstanding City Centre Redevelopment Project Tax Allocation Bonds, 1990 Series A (the "Series 1990 Bonds")

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(such outstanding Series 1990 Bonds and Parity Bonds, together with the Series 1993 Bonds are referred to collectively as the "Bonds"). See "SECURITY FOR THE SERIES 1993 BONDS" and Appendix D — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein.

Payment of principal of and insurance on the Series 1993 Bonds when Due for Payment which is unpaid by reasons of Nonpayment (as such terms are defined in the Financial Guaranty Bond) will be guaranteed by a Financial Guaranty Bond to be issued by Capital Guaranty Insurance Company simultaneously with the delivery of the Series 1993 Bonds. See "BOND INSURANCE" herein.

Based on current fiscal year incremental valuation of \$372,599,500 as shown on the books of the Los Angeles County Assessor as of August 1992, Tax Revenues expected to be received during the fiscal year 1992-93 are approximately \$3,058,468, providing 1.74 times coverage on the Maximum Annual Debt Service on the Series 1993 Bonds and the outstanding Series 1990 Bonds. Based on the construction value of recently completed development projects, the Agency expects that approximately \$85,000,000 in incremental valuation will be added to the fiscal year 1992/93 supplemental rolls of the County Assessor pursuant to Section 75 et seq. of the California Revenue and Taxation Code. Accordingly, the Tax Revenues for fiscal year 1992-93 are expected to increase to approximately \$3,765,495 (based on the applicable tax rate of 1.0286%), providing approximately 2.14 times coverage on the Series 1993 Bonds and the outstanding Series 1990 Bonds. See "SECURITY FOR THE SERIES 1993 BONDS—Issuance of Parity Bonds" and "TAX REVENUES AND BOND RETIREMENT—Current Tax Revenues" and "—Estimated Debt Service and Coverage" herein for additional information.

Certain capitalized terms used herein are defined under the heading Appendix D — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Indenture. Summaries of the Indenture and other documents contained herein are subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. The Indenture and other documents referred to in this Official Statement are available from the Agency or the Trustee.

PURPOSE OF FINANCING

The Series 1993 Bonds are being issued for the purpose of providing funds (i) to finance additional public improvements within the Project Area, (ii) to advance refund a portion of the Series 1990 Bonds, (iii) to fund the Reserve Account, and (iv) to pay costs of issuance of the Series 1993 Bonds.

Pursuant to an Escrow Deposit and Trust Agreement, dated the date of delivery of the Series 1993 Bonds (the "Escrow Agreement"), by and between the Agency and Bank of America National Trust and Savings Association, as escrow bank (the "Escrow Agent"), a portion of the proceeds of the Series

1993 Bonds, together with other available moneys, will be deposited into an escrow account to be held by the Escrow Agent (the "Escrow Account"). Moneys placed in the Escrow Account will be used to purchase certain government securities the principal and interest of which will be sufficient, together with any uninvested cash, to pay the interest on the Series 1990 Bonds maturing on and after December 1, 2001, as the same become due on each June 1 and December 1, to and including December 1, 2000, and to redeem on December 1, 2000 at a redemption price of 102% of the principal amount thereof, all as further described in the Indenture.

Effect of Defeasance

The Series 1990 Bonds maturing on and after December 1, 2001, and secured by the amount deposited in the Escrow Account (the "Defeased Series 1990 Bonds") shall remain the special obligation of the Agency until paid or redeemed, but shall be payable solely from the funds deposited in the Escrow Account held by the Escrow Agent, and shall not be payable from any other funds of the Agency. Upon deposit of funds in the Escrow Account, the Defeased Series 1990 Bonds will no longer be considered outstanding under the Indenture. Amounts held by the Escrow Agent will not be available to pay debt service on the Series 1993 Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds, excluding accrued interest, are as follows:

Sources:

Principal Amount of the Series 1993 Bonds	\$23,945,000
Available Funds	<u>395,700</u>
Total	<u>\$24,340,700</u>

Uses:

Deposit to Escrow Account	\$12,126,036
Deposit to Redevelopment Fund	9,530,093
Deposit to Reserve Account	525,706
Deposit to Costs of Issuance Fund*	429,225
Original Issue Discount	1,516,530
Underwriters' Discount	<u>213,110</u>
Total	<u>\$24,340,700</u>

* Includes Bond Insurance Premium.

THE SERIES 1993 BONDS

General

The Series 1993 Bonds will be dated June 1, 1993, and will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. Interest on the Series 1993 Bonds will be payable on June 1 and December 1 of each year, commencing on December 1, 1993. Each Series 1993 Bond shall bear interest from the interest payment date next preceding the date of authentication thereof unless (i) such date of registration and authentication is an interest payment date, in which case it shall bear interest from such date, (ii) such date of authentication is prior to an interest payment date and after the close of business on the fifteenth (15th) day of the month preceding such interest payment date, in which event it shall bear interest from such interest payment date, or (iii) such date of authentication is on or prior to November 15, 1993 in which event it shall bear interest from June 1, 1993.

Except as described herein under the caption "BOOK-ENTRY ONLY SYSTEM" interest on the Series 1993 Bonds shall be paid by the Trustee (out of the appropriate funds) by check mailed by first-class mail to the registered owner as his name and address appear on the Bond registration records kept by the Trustee at the close of business on the fifteenth (15th) day of the month preceding each interest payment date. Principal of and any redemption premium on the Series 1993 Bonds are payable in lawful money of the United States of America at the corporate trust office of the Trustee in Los Angeles, California upon their surrender at that office. For a description of the manner of payment of the principal of and interest on the Series 1993 Bonds while they are in book-entry only form, see "BOOK-ENTRY ONLY SYSTEM" herein.

Subject to prior redemption as hereinafter discussed, the Series 1993 Bonds will mature on the dates and in the principal amounts shown on the cover of this Official Statement.

Form and Registration

The Series 1993 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of Series 1993 Bonds will be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof. Beneficial owners of the Series 1993 Bonds will not receive bond certificates representing their interests in the Series 1993 Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers.

Subject to the limitations described under the caption "BOOK-ENTRY ONLY SYSTEM" herein, Series 1993 Bond registration may be transferred, and any Series 1993 Bond may be exchanged for Series 1993 Bonds of the same maturity of other authorized denominations and/or cancelled at the office of the Trustee in the manner and with the effect set forth in the Indenture.

Redemption

Optional Redemption. Series 1993 Bonds maturing on or before December 1, 2003 are not subject to optional redemption prior to maturity. The Series 1993 Bonds maturing on or after December 1, 2004 (other than the Term Series 1993 Bonds maturing on December 1, 2015) shall be subject to redemption in whole or in part, among such maturities as shall be determined by the Agency, and in any case by lot within a maturity at the option of the Agency, from any source of funds, on any interest payment date on or after December 1, 2003, at a redemption price (expressed as a percentage of the principal amount of the Series 1993 Bonds to be redeemed), together with interest accrued thereon to the date of redemption, as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2003 and June 1, 2004	102%
December 1, 2004 and June 1, 2005	101
December 1, 2005 and thereafter	100

The Term Series 1993 Bonds maturing on December 1, 2015 are also subject to redemption in whole or in part by lot, at the option of the Agency, from any source of funds, on any interest payment date on or after December 1, 2003, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

Sinking Account Redemption. The Series 1993 Bonds maturing on December 1, 2015 are also subject to sinking account redemption in part by lot on December 1, 2006 and each year thereafter to and including the date of maturity thereof, from the payments made by the Agency into the Principal Account on each December 1 according to the Sinking Account payment schedule provided below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of such Series 1993 Term Bonds have been redeemed pursuant to the optional redemption provisions above the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series 1993 Term Bonds so redeemed, to be allocated among such sinking fund payments as shall be designated by the Agency to the Trustee in writing (or if the Agency shall fail to so designate, pro rata among such sinking fund payments):

Series 1993 Bonds Maturing on December 1, 2015

Sinking Account

<u>Year</u> <u>(December 1)</u>	<u>Amount</u>
2006	\$ 705,000
2007	740,000
2008	775,000
2009	815,000
2010	855,000
2011	900,000
2012	940,000
2013	990,000
2014	1,040,000
2015 (Maturity)	1,090,000

Sinking Account Redemption. The Series 1993 Bonds maturing on December 1, 2023 are also subject to sinking account redemption in part by lot on December 1, 2016 and each year thereafter to and including the date of maturity thereof, from the payments made by the Agency into the Principal Account on each December 1 according to the Sinking Account payment schedule provided below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of such Series 1993 Term Bonds have been redeemed pursuant to the optional redemption provisions above the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series 1993 Term Bonds so redeemed, to be allocated among such sinking fund payments as shall be designated by the Agency to the Trustee in writing (or if the Agency shall fail to so designate, pro rata among such sinking fund payments):

Series 1993 Bonds Maturing on December 1, 2023

Sinking Account

<u>Year</u> <u>(December 1)</u>	<u>Amount</u>
2016	\$1,145,000
2017	1,210,000
2018	1,275,000
2019	1,345,000
2020	1,420,000
2021	1,495,000
2022	1,580,000
2023 (Maturity)	1,665,000

Notice of Redemption

The Trustee on behalf and at the expense of the Agency shall mail (by first-class mail) notice of any redemption to the Owners of any Series 1993 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, and to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Series 1993 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Series 1993 Bond numbers and the maturity or maturities (in the event of redemption of all of the Series 1993 Bonds of such maturity or maturities in whole) of the Series 1993 Bonds to be redeemed, and shall require that such Series 1993 Bonds be then surrendered at the corporate trust office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 1993 Bonds will not accrue from and after the redemption date.

BOND INSURANCE

A Financial Guaranty Bond (the "Bond Insurance") will be issued by Capital Guaranty Insurance Company (the "Insurer") simultaneously with the issuance and delivery of the Series 1993 Bonds which provides for the prompt payment of principal of and interest on the Series 1993 Bonds when Due for Payment (as defined below and in the Bond Insurance) to the extent that the Trustee has not received sufficient funds from the issuer or other obligor (other than the Insurer) responsible for payment of the Series 1993 Bonds. "Due for Payment" means, when referring to principal of the Series 1993 Bonds, the stated maturity date thereof or the date on which the principal becomes due for mandatory sinking fund redemption and does not refer to any earlier date on which payment of principal is due by reason of any other call for redemption, acceleration or other advancement of maturity. The term "Due for Payment" means, when referring to interest, the stated date for payment of interest.

To the extent the maturity of the Series 1993 Bonds may be accelerated upon a default, such acceleration may not occur without the prior written consent of the Insurer. Notwithstanding any such acceleration, the Insurer may continue to pay principal and interest on scheduled payment dates (i.e., when "Due for Payment"). In the event that the Insurer shall make any payment of principal of or interest on the Series 1993 Bonds pursuant to the terms of the Bond Insurance, and the maturity of the Series 1993 Bonds is thereafter accelerated, the Insurer may (but is not obligated to), at any time and at its sole option, pay Owners of the Series 1993 Bonds all or a portion of amounts due on such Series 1993 Bonds prior to the stated maturity dates thereof.

For specific information on the coverage provided, reference should be made to the text of the Bond Insurance, which has been reproduced in specimen form in Appendix E hereto in this Official Statement. The Bond Insurance does not insure any payment to any investor to compensate for any loss or limitation of any tax exemption, either past or future. The Bond Insurance does not insure against nonpayment of principal or interest caused by the insolvency or negligence of the Trustee.

Capital Guaranty Insurance Company is a monoline stock insurance company incorporated in the State of Maryland, and is a wholly owned subsidiary of Capital Guaranty Corporation, a Maryland insurance holding company. Capital Guaranty Corporation is owned by the following: Constellation Investments, Inc., an affiliate of Baltimore Gas and Electric; Fleet Financial Group, Inc.; Safeco Corporation; Sibag Finance Corporation, an affiliate of Siemens A.G. and United States Fidelity and Guaranty Company. Other than their capital commitment to Capital Guaranty Corporation, the investors of Capital Guaranty Corporation are not obligated to pay the debts of, or the claims against, the Insurer.

The financial statement of the Insurer attached as Appendix F hereto is incorporated herein by reference and reflects certain financial information prepared in accordance with statutory insurance accounting principles as was reported by the Insurer to the Insurance Department of the State of Maryland.

In the event that the Insurer were to become insolvent, any claims arising under the Bond Insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

Neither the Insurer nor its affiliates makes any representation as to the contents of this Official Statement, the suitability of the Series 1993 Bonds for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations.

The Insurer's role is limited to providing the coverage set forth in the Bond Insurance.

BOOK-ENTRY ONLY SYSTEM

General

DTC will act as securities depository for the Series 1993 Bonds. The Series 1993 Bonds will be issued as fully-registered bonds, registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 1993 Bond will be issued for each maturity of the Series 1993 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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Purchases of the Series 1993 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 1993 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 1993 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Series 1993 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 1993 Bonds, except in the event that use of the book-entry system for the Series 1993 Bonds is discontinued.

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To facilitate subsequent transfers, all Series 1993 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 1993 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 1993 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Part:

cipants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 1993 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 1993 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, sinking fund and interest payments with respect to the Series 1993 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 1993 Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 1993 Bonds are required to be printed and delivered as described in the Indenture.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered as described in the Indenture.

The Agency cannot and does not give any assurances that DTC will distribute to DTC Participants, or that DTC Participants or others will distribute to the Beneficial Owners payments of principal of, interest and premium, if any, on the Series 1993 Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Agency is not responsible or liable for the failure of DTC or any DTC Participant or

Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Series 1993 Bonds or any error or delay relating thereto.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 1993 Bonds, payment of principal, interest and other payments on the Series 1993 Bonds to DTC Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Series 1993 Bonds and other related transactions by and between DTC, the DTC Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Discontinuance of Book-Entry System

DTC may discontinue providing its services with respect to the Series 1993 Bonds at any time by giving notice to the Trustee and discharging its responsibilities with respect thereto under applicable law or, the Agency may terminate its participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the Agency will execute, and the Trustee will authenticate and make available for delivery, replacement Series 1993 Bonds in the form of registered certificates. In addition, the following provisions would apply: the principal of, and redemption premium, if any, on the Series 1993 Bonds will be payable at the corporate trust office of the Trustee, in Los Angeles, California, and interest on the Series 1993 Bonds will be payable by check mailed by first-class mail on each interest payment date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date; provided, however, that registered owners of at least \$1,000,000 aggregate principal amount of Series 1993 Bonds may, at any time prior to such fifteenth day, give the Trustee written instructions for payment of such interest on each succeeding interest payment date by wire transfer. Series 1993 Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture.

Transfer Fees

For every transfer and exchange of Series 1993 Bonds, Beneficial Owners may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Trustee, DTC or the DTC Participant in connection with such transfers or exchanges.

SECURITY FOR THE SERIES 1993 BONDS

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above described.

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate, would have the effect of reducing the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on the Series 1993 Bonds. Likewise, the reduction of assessed valuation of taxable property in the Project Area, any reduction in tax rates or tax collection rates and broadened property tax exemptions would have a similar effect. See "RISK FACTORS", "LIMITATIONS ON TAXES AND APPROPRIATIONS" and "PROPERTY TAX COLLECTION AND LIMITATIONS ON TAX REVENUES" herein.

Pledge and Allocation of Taxes

Under provisions of the California Constitution and the Redevelopment Plan, taxes on all taxable property in the Project Area levied each year by any taxing agency when collected will be divided as follows:

(1) An amount each year equal to that amount which would have been produced by the then current tax rates applied to the assessed valuation of taxable property within the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance approving the Redevelopment Plan will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies;

(2) Except for taxes which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which will be allocated to, and when collected, will be paid to the respective taxing agency, the portion of said levied taxes

each year in excess of such amount will be allocated to, and when collected, will be deposited into a special fund of the Agency to pay principal of and interest on loans, moneys advanced to, or indebtedness incurred by the Agency to finance or refinance, in whole or in part, the Redevelopment Project. Such portion of taxes (referred to herein as "gross tax allocation") as reduced by certain exclusions and deductions as set forth in the Redevelopment Plan, as further described below, is referred to herein as "Tax Revenues".

Tax Revenues

The Bonds are secured by and payable from an irrevocable pledge of, and charge and lien upon, Tax Revenues and funds held in certain funds and accounts under the Indenture. The Indenture defines "Tax Revenues" to mean (a) that portion of taxes levied upon assessable property within the Project Area received by the Agency, which is allocated to and paid into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, all as more particularly set forth in the Indenture and in any supplemental indenture authorizing the issuance of Additional Bonds and (b) reimbursements, subventions (excluding payments to the Agency with respect to personal property within the Project Area pursuant to Section 16110, et seq., of the California Government Code) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption from such form of taxes. Tax Revenues will not include taxes allocated to the Agency that are required by Section 33334.3 of the Redevelopment Law to be used by the Agency for increasing and improving the supply of low and moderate income housing.

The Series 1993 Bonds are special obligations of the Agency payable from and secured by an irrevocable pledge of the Tax Revenues derived from the Project Area, and payable on a parity with the pledge of such Tax Revenues for the payment of any outstanding Series 1990 Bonds (to the extent that such payment has not otherwise been provided for as herein described) and any Parity Bonds (as hereinafter defined). See "—Issuance of Parity Bonds" below.

Tax Revenues are pledged in their entirety to the payment of principal of, premium, if any, and interest on the Bonds until all of the outstanding principal amount on the Bonds has been paid or until moneys have been set aside irrevocably for that purpose. Notwithstanding the foregoing, the Indenture provides that if (i) the Trustee has deposited in the Debt Service Fund sufficient to pay 100% of Annual Debt Service on the Bonds for the then current Bond Year (as defined in the Indenture), (ii) the Agency is not in default under the Indenture, and (iii) the amount deposited in the Reserve Account is equal to the Reserve Requirement, then the Tax Revenues subsequently received during that Bond Year may be used by the Agency for any lawful purpose. See Appendix D — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on, the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "RISK FACTORS" and "PROPERTY TAX COLLECTION AND LIMITATIONS ON REVENUES" herein.

THE SERIES 1993 BONDS ARE NOT A DEBT OF THE CITY OF BURBANK, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY OF BURBANK, THE STATE OF CALIFORNIA NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON. IN NO EVENT SHALL THE SERIES 1993 BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AGENCY PLEDGED UNDER AND TO THE EXTENT REQUIRED BY THE INDENTURE.

Issuance of Parity Bonds

Pursuant to the Indenture, the Agency is entitled to issue Parity Bonds (as defined herein) having a parity lien on the Tax Revenues and otherwise on a parity with the Bonds. The Indenture provides that the Agency provide, among other items, a certificate indicating that for the then current and each future Bond Year, the Tax Revenues are at least equal to 1.25 times the Maximum Annual Debt Service with respect to all outstanding Bonds, including the Parity Bonds. Tax Revenues for purposes of calculating the coverage in connection with the issuance of Parity Bonds, includes unitary revenues and the additional Tax Revenues attributable to new construction in the Project Area but not yet contained on the County Assessor's roll for the then current fiscal year. Tax Revenues for such purposes, however, will not include such portion which is attributable to the assessed valuation of the mixed-use project developed in accordance with the Disposition and Redevelopment Agreement, dated September 26, 1989, by and between the Agency and the Haagen-Burbank Partnership, a California general partnership. See "CITY CENTRE REDEVELOPMENT PROJECT — The Media City Centre Project" herein for additional information regarding the development project. For a further discussion of Parity Bonds, see Appendix D — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" and "TAX REVENUES AND BOND RETIREMENT — Estimated Debt Service and Coverage" herein.

Reserve Account

In order to further secure the payment of principal of and interest on the Bonds, the Agency is required upon delivery of the Series 1993 Bonds to deposit into the Reserve Account established under the Indenture an amount, together with the balance of the Reserve Account, which will equal the Reserve Requirement (as defined in the Indenture), with respect to all outstanding Bonds. If the Reserve Account is drawn down to pay debt service, available Tax Revenues must be transferred by the Agency to the Trustee for deposit in the Reserve Account in order to restore the amount in the Reserve Account to the Reserve Requirement.

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The Agency may at its sole discretion provide (i) a letter of credit, (ii) a surety bond, or (iii) a policy of insurance in an amount which will satisfy all or any portion of the amounts required to be on deposit in the Reserve Account. Such letter of credit must be issued by a financial institution rated in one of the top two rating categories by Moody's Investors Service and Standard & Poor's Corporation. Any surety bond or insurance policy obtained to satisfy the Reserve Requirement shall be rated in one of the top three categories by Moody's Investors Corporation and Standard & Poor's Corporation. Any money in the Reserve Account after the Agency acquires the alternative security and pays the appropriate costs as provided in the Indenture will be transferred to the Principal Account of the Debt Service Fund. The Trustee will be authorized to draw under the letter of credit, surety bond or the insurance policy in the event that moneys in the Debt Service Fund are insufficient to make a required payment of principal of or interest on the Bonds.

Series 1993 Bonds Not a Debt of the City of Burbank or the State of California

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The Series 1993 Bonds are a special obligation of the Agency and as such are not a debt of the City, the State of California or any of its political subdivisions. Neither the City, the State of California nor any of its political subdivisions is liable for the payment thereof. In no event shall the Series 1993 Bonds be payable out of any funds or properties other than those of the Agency as set forth in the Indenture. Neither the members of the Agency nor any persons executing the Series 1993 Bonds is liable personally on the Series 1993 Bonds.

RISK FACTORS

The following section describes risk factors affecting the security of the Series 1993 Bonds.

Reduction of Tax Revenues

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Tax Revenues allocated to the Agency by the County are determined by the amount of incremental taxable value in each of its redevelopment project areas and the current rate or rates at which property in each redevelopment project area is taxed. Assessed valuation of taxable property within the Project Area may be reduced by economic factors beyond the control of the Agency or by substantial damage, destruction (as a result, for example, of a severe earthquake) or condemnation of such property. Assessed valuation and tax rates can be reduced as a result of actions of the California Legislature or electorate. While the Agency is authorized to receive the Tax Revenues, it does not have the power to levy and collect property taxes directly. Accordingly, any reduction of assessed valuations or tax rates, as described above, may result in a reduction of the Tax Revenues that secure the Series 1993 Bonds which in turn could impair the ability of the Agency to make payments of principal and/or interest on the Series 1993

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Bonds when due. See "CITY CENTRE REDEVELOPMENT PROJECT -- Major Property Taxpayers" for a description of the major property taxpayers within the Project Area. Similarly, substantial delinquencies in the payment of property taxes to the County by the owners of taxable property within the Project Area could also have an adverse effect on the ability of the Agency to make payments of principal of and/or interest on the Series 1993 Bonds when due.

Reduction in Inflation Rate; Property Value Decline

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Series 1993 Bonds could reduce Tax Revenues securing the Series 1993 Bonds. See "LIMITATIONS ON TAXES AND APPROPRIATIONS - Property Tax Limitations -- Article XIII A" herein.

Because of the recent decrease in property values in certain areas of the State, certain counties have announced that they will review the assessed values of properties within those counties. Such a review may result in a decrease in assessed values which would result in a decrease in collections of the one percent property tax by such counties. Los Angeles County Assessor has announced that the property will be automatically reassessed on homes sold after 1988 in Los Angeles County. The County Assessor, however, requires commercial property owners to request a review of the assessed value of such commercial property within Los Angeles County. The Agency cannot predict to what extent any such review may result in a decrease in assessed values of residential and commercial properties within Los Angeles County. See "CITY CENTRE REDEVELOPMENT PROJECT -- Appeals of Assessed Valuation" herein.

Bankruptcy and Foreclosure

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled In re Glasply Marine Industries. In that case, the court held that ad valorem property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out to the bankruptcy estate (through foreclosure or otherwise) it would at that time become subject to current ad valorem taxes.

Glasply is controlling precedent on bankruptcy courts in the State of California. The lien date for property taxes in California is the March 1 preceding the fiscal year for which the taxes are levied. Therefore, under Glasply, a bankruptcy petition filing would prevent the lien for property taxes levied in subsequent fiscal years to attach so long as the property was part of the estate in bankruptcy. To the extent Glasply is applied to property owners within the Agency's redevelopment project areas who file for bankruptcy and whose property taxes are a source of tax increment for the Agency, the amount of tax increment may be reduced. Any owner of property in the Project Area who may have filed for bankruptcy at the time of Glasply decision may be subject to the Glasply precedent. See "CITY CENTRE REDEVELOPMENT PROJECT" herein.

Change in Law

In addition to the other limitations on Tax Revenues described herein under "LIMITATIONS ON TAXES AND APPROPRIATIONS," the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Tax Revenues payable to the Agency. See "LIMITATIONS ON TAXES AND APPROPRIATIONS" herein. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the security of the Series 1993 Bonds. See "PROPERTY TAX COLLECTION AND LIMITATIONS ON TAX REVENUES — SB 844" herein.

Levy and Collection

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to pay debt service on the Series 1993 Bonds secured by the Tax Revenues. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments. See "TAX REVENUES AND BOND RETIREMENT—Current Tax Revenues" herein.

LIMITATIONS ON TAXES AND APPROPRIATIONS

Property Tax Limitations - Article XIII A

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 or the Jarvis-Gann Initiative) to the

California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1 percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property from the 1 percent limitation.

On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (Amador Valley Joint Union School District v. State Board of Equalization). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In the general elections of 1986, 1988 and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment will reduce the local property tax revenues. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within the county and the original property is located in another county within California. The County of Los Angeles has adopted the ordinance regarding residences replacing dwellings in other counties.

In the August 1990 election, the voters approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of

making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Court Challenges to Article XIII A

The U.S. Supreme Court recently struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Proposition 13 provides that property may only be reassessed up to 2% per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Proposition 13.

Based on the decision in the West Virginia case, property owners in California brought three suits challenging the acquisition value assessment provisions of Article XIII A. Two cases involved residential property, and one case involved commercial property. In all three cases, State trial and appellate courts have upheld the constitutionality of Article XIII A's assessment rules and concluded that the West Virginia case did not apply to California's laws. On June 3, 1991, the U.S. Supreme Court agreed to hear the appeal in the challenge relating to commercial property, but the plaintiff subsequently withdrew its case. On June 18, 1992, the U.S. Supreme Court upheld the decision in Nordlinger v. Hahn, the challenge relating to residential property.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the traditional practice in California of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided that, for the 1978/79 fiscal year only, the tax levied by each county was to be appropriated among all taxing agencies within the county in proportion to their average share of taxes levied in certain previous years.

The apportionment of property taxes in fiscal years after 1978/79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year 1978/79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about

one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief. Chapter 282 does not affect the derivation of the base levy (\$4.00 per \$100 assessed valuation) and the bonded debt tax rate.

Effective as of the 1981-82 fiscal year, assessors in California no longer record property values in the tax rolls at the assessed value of 25% of market values. All taxable property is shown at full market value. In conformity with this change in procedure, all taxable property value included in this Official Statement is shown at 100% of market value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for bond service and pension liability are also applied to 100% of market value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization ("Unitary Property") which is allocated by a different method as described under "PROPERTY TAX COLLECTION AND LIMITATIONS ON TAX REVENUES—Unitary Property" below.

Appropriations Limitations - Article XIII B

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriation limit is 1978-79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of takes, and benefit payments from retirement, unemployment insurance and disability insurance funds. Proceeds of taxes include, but are not limited to, all tax revenues and the proceeds to an entity of government from (1) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation) and (2) the investment of tax revenues.

Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. While the tax rate is assumed to decline to one percent of taxable

value and remain constant in subsequent years, current law permits taxing entities deriving revenues from the one percent rate to reduce their levies under certain circumstances. It is the apparent intent of the law to insulate the other taxing entities and redevelopment agencies from the affects of such reductions on their property tax revenues.

Effective September 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provided that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State of California, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions Brown v. Community Redevelopment Agency of the Santa Ana and Bell Community Agency v. Wooley. The plaintiff in Brown v. Community Redevelopment Agency of the City of Santa Ana petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding. On the basis of these court decisions, the Agency has not adopted such an appropriations limit.

PROPERTY TAX COLLECTION AND LIMITATIONS ON TAX REVENUES

Property Tax Collection Procedures

Classifications. In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor.

The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property.

The taxing authority has four ways of collecting unsecured property taxes in the absence of timely payment by the taxpayer: (1) a civil action

against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

Current tax payment practices by the County provide for payment to the Agency of Tax Revenues on a monthly basis although the first payment to the Agency is not made until December. Except for property tax advances made by the County to the Agency in December and April, actual payments to the Agency are made on the basis of actual property tax collections in the Project Area.

Penalties. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1½% per month from the date of sale to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector.

A 10% penalty also applies to delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1½% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

AB 2372 (Chapter 1230, Statutes of 1989) provides that each county is to distribute property tax revenues to local agencies (such as the Agency) in accordance with certain provisions of the California Revenue and Taxation Code, but that penalties and interest on property tax delinquencies are to be deposited in the county's general fund.

Delinquencies. The valuation of property is determined as of March 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. As described under "—Collections" above, the Agency currently receives property taxes with a deduction for delinquencies plus the Agency's proportionate share of delinquent and redemption property payments, penalties and interest income.

Taxes on unsecured property are due March 1 and become delinquent August 31.

Supplemental Assessments. A bill enacted in 1983, SB 813 (Chapter 498, Statutes of 1983), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next March 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to 14 months. As enacted, Chapter 498 provided increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the March 1 lien date. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the State Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Two recent decisions have interpreted the provisions of SB 2557 and have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. One of the decisions, Arcadia Redevelopment Agency v. Ikemoto, has been accepted for review by the California Supreme Court. While awaiting judicial clarification of SB 2557, it has been the practice of most California counties, including Los Angeles County, to reduce an agency's tax increments or bill an agency for their pro rata share of property tax administrative costs. For fiscal year 1992-93, the Agency's share of property tax administrative costs will be \$85,810 with respect to the Project Area.

Unitary Property

AB 454 (Chapter 921, Statutes of 1987) provided that revenues derived from Unitary Property, commencing with the 1988-89 fiscal year, will be allocated as follows: (1) for revenues generated from the one percent tax rate, (a) each jurisdiction, including redevelopment project areas, will receive a percentage up to 102 percent of its prior year State-assessed unitary revenue; and (b) if county-wide revenues generated from Unitary Property are greater than 102 percent of the previous year's revenues, each jurisdiction will receive a percentage share of the excess unitary revenues by a specified formula and (2) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. This provision applies to all Unitary Property except railroads whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the method of assessing utilities by the State Board of Equalization. Generally AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

On February 1, 1991, the Superior Court for the County of Sacramento issued a Statement of Decision in AT&T Communications of California, et al v. State Board of Equalization, which reduced the valuation of certain unitary property owned by AT&T for property tax purposes. Under the decision, the valuation method used by the Board of Equalization to value unitary utility property was declared illegal and a new method of valuation, resulting in significantly lower values and therefor significantly lower property tax revenues, was imposed. The effect on AT&T's statewide assessed value was to reduce it from approximately \$1,750,000,000 to approximately \$1,100,000,000. The resulting refund ordered by the court exceeded \$9,000,000. The Agency understands that, as a result of this case, the State Board of Equalization and several other utility companies whose unitary property valuations could be affected by the principles announced in the Superior Court decision have entered into a settlement agreement (the "Settlement Agreement"). The Settlement Agreement's effectiveness, however, is dependent on the fulfillment of certain conditions. If effective, the Settlement Agreement would have only a prospective fiscal impact on utility assessments, which would be phased down by approximately 10% over a three-year period. The Agency expects that it will not receive any tax increment revenues allocable to the Agency with respect to the Project Area and attributable to unitary property for fiscal year 1992-93. The Agency cannot predict the effect of any future litigation or settlement agreements concerning these matters on the amount of Tax Revenues received or to be received by the Agency.

Limitation on Tax Revenues for Bonded Indebtedness

An initiative to amend the California Constitution entitled "Property Tax Revenues Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment revenue received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amends the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenue raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness. The initiative only applies to tax rates levied to finance bonds approved by the voters on or after January 1, 1989. AB 89 (Chapter 250, Statutes of 1989), amended Section 33670 of the Law to implement the amendment to the California Constitution made by the initiative. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in future years. The Agency does not currently project receiving any Tax Revenues as a result of general obligation bonds which may be approved on or after January 1, 1989.

Taxing Entity Revenue

Chapter 147, Statutes of 1984 modified Section 33676 of the Redevelopment Law and allows taxing entities to receive additional property taxes in

a redevelopment project area above the base year revenue amount. Section 33676 allows an affected taxing entity to elect, by resolution prior to the adoption of a redevelopment plan, to receive property taxes generated from:

1. increases in the tax rate levied by the affected entity; and
2. annual increases in the real property portion of the base year value up to the inflation limit of 2 percent provided in Article XIII A of the California Constitution.

Section 33676 provides that each school district shall adopt the resolution and other taxing entities may adopt the resolution. Section 33676 is not valid in a project area for any taxing entity which has entered into an agreement to receive payments of tax increments from a redevelopment agency as allowed by California Health & Safety Code Section 33401 to alleviate fiscal detriment resulting from a project area.

Business Inventory Exemption-Special Subvention

Under prior State law, the State reimbursed cities, counties, special districts and redevelopment agencies ("local agencies") a portion of taxes which would have been generated by the exempted portion of business inventory value (50%). In 1979, the Legislature enacted Assembly Bill 66 (Chapter 1150, Statutes of 1979), eliminating the assessment and taxation of business inventory property and providing for replacement revenue for local agencies, except redevelopment agencies. In 1980, the Legislature enacted AB 1994 (Chapter 610, Statutes of 1980), providing replacement revenue, in part, for the loss of business inventory revenues by redevelopment agencies.

SB 794 (Chapter 447, Statutes of 1984) repealed the provision of business inventory replacement revenue provided in both Chapter 1150 and Chapter 610 for local agencies. This measure holds redevelopment agencies harmless from the loss of business inventory replacement revenues through state payments (special subventions). Under current law, if redevelopment agencies do not receive sufficient tax revenue generated from the new supplemental roll, the State pays a special subvention to restore to such agencies the difference between the level of business inventory subventions which were to be paid under prior law and the amount of revenue received from taxes on the supplemental roll. If in any year, the Agency's revenues from the supplemental roll exceed the former amount of business inventory replacement revenues, such excess will be credited against the State special subvention due in future years until the entire excess has been credited. As a result of these changes, redevelopment agencies should receive over time approximately the same amounts of revenues as they received in 1983-84 had business inventory subventions not been terminated.

AB 160 (Chapter 449, Statutes of 1990) makes several changes with respect to the special supplemental subvention. First, AB 160 changes the payment schedule for the subvention from three annual payments on October 31, February 28 and June 30 to two payments on December 31 and

July 1. Second, the December 31, 1990 payment consisted of an amount equal to 25% of the total amount the Agency would otherwise be entitled to receive in the 1990-91 fiscal year, and the July 1, 1991 payment consisted of an amount equal to 50% of the amount the Agency would otherwise be entitled to receive in the 1990-91 fiscal year. Thus, AB 160 cuts the special supplemental subvention for the 1990-91 fiscal year by 25%. Finally, the Agency may not, on or after the effective date of AB 160, pledge as security for payment of the principal and interest of bonds, any special supplemental subvention amounts.

Low and Moderate Income Housing

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Law requiring redevelopment agencies to set-aside 20 percent of all tax increment derived from redevelopment project areas adopted after December 31, 1976 in a low and moderate income housing fund. This low and moderate income housing requirement could be reduced or eliminated if a redevelopment agency finds that: 1) no need exists in the community to improve or increase the supply of low and moderate income housing; 2) that some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need; or 3) that other substantial efforts, including the obligation of funds from state, local and federal sources for low and moderate income housing of equivalent impact are being provided for in the community.

Chapter 1135, Statutes of 1985 amended Section 33334.3 and added Section 33334.6 and 33334.7 to extend the requirement for redevelopment agencies to set aside into a low and moderate income housing fund 20 percent of tax increment to redevelopment project areas adopted prior to January 1, 1977, beginning with fiscal year 1985/86 revenues. An agency may take the same findings described above to reduce or eliminate the low and moderate income housing requirement.

The Agency has not in any year made findings described above to reduce or eliminate its low and moderate income housing requirement. The Agency has historically, and intends to, set aside 20% of the tax increment revenues it receives with respect to each Project Area on an annual basis.

Certification of Agency Indebtedness

A significant provision of the Redevelopment Law, Section 33675, was added by the Legislature in 1976, providing for the filing not later than the first day of October of each year with the county auditor of a statement of indebtedness certified by the chief fiscal officer of the agency for each redevelopment project which receives tax increments. The statement of indebtedness is required to contain the date on which the bonds were delivered, the principal amount, term, purpose and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information must be given for each loan, advance or indebtedness that the agency has incurred or entered into to be payable from tax increments.

The section also provides that the county auditor is limited in payment of tax increments to the agency to the amounts shown on the agency's statement of indebtedness. The section further provides that the statement of indebtedness is prima facie evidence of the indebtedness of the agency, but that the county auditor may dispute the amount of indebtedness shown on the statement in certain cases. Provision is made for time limits under which the dispute can be made by the county auditor as well as provisions for determination by the Superior Court in a declaratory relief action of the proper disposition of the matter. The issue in any such action shall involve only the amount of the indebtedness and not the validity of any contract or debt instrument, or any expenditures pursuant thereto. An exception is made for payments to a public agency in connection with payments by such public agency pursuant to a bond issue which shall not be disputed in any action under the section. The Series 1993 Bonds should be entitled to the protection of that portion of the statute so that they cannot be disputed by the County Auditor.

SB 844

As part of the resolution of the State's projected fiscal year 1992-93 budget deficit, the State adopted SB 844 which requires each redevelopment agency in the State to make a one-time payment (based upon its proportional share of statewide tax increment revenues) into a State Educational Revenue Augmentation Fund for the benefit of schools and community college districts within the State. The Agency estimates that its one-time payment, which is required to be made prior to May 10, 1993, will be approximately \$292,853 of the gross tax allocation derived from the Project Area. The Agency is authorized to fund the required payment from any of its legally available funds and may incur bonded debt for such purpose. If the Agency determines that it has insufficient funds available to make such payment due to its obligations under "existing indebtedness" or otherwise, the Agency is required to enter into an agreement with the City on or prior to February 15, 1993 to provide for such payment. If neither the Agency nor the City provides for such payment by May 15, 1993, the amount due will be deducted from the property tax allocation otherwise payable to the City. The Agency intends to provide for its payment due under SB 844 from existing reserves.

The State's economy has continued in a stagnant condition, causing a substantial budget deficit for the State. While the 1993/94 budget process is still in its initial stages, the 1993/94 budget proposed by the Governor on January 8, 1993 (the "Governor's Budget") contains significant decreases in spending. With respect to redevelopment agencies, the Governor's Budget shifts approximately \$300 million statewide in tax increment revenues from redevelopment agencies to schools. This \$300 million shift includes continuing the \$200 million shift enacted by SB 844, plus an additional \$100 million funded by the limitation of tax increment revenues a redevelopment agency could receive annually to the amount necessary to meet current year debt service.

The Governor's Budget represents the initial stage of the 1993/94 budget negotiations, and the Agency cannot predict which, if any, of the provisions with respect to redevelopment agencies will be included in the 1993/94 budget as finally enacted.

Tax Revenue Limitation

Pursuant to SB 690 (Chapter 639, Statutes of 1985), the Agency was required to adopt an ordinance setting forth a limit on the amount of tax increments the Agency may receive with respect to each of its redevelopment project areas and a time limit as to the incurrence of indebtedness to be repaid with such gross tax allocation. The maximum amount of gross tax allocation the Agency may receive from the Project Area was established at \$3,106,962,906. For fiscal year 1992/93, the Agency expects to receive approximately \$3,823,085 in gross tax allocation from the Project Area.

THE AGENCY

Authority and Management

The Agency is a public body corporate and politic, organized and existing under and pursuant to the Constitution and laws of the State of California. It was established in 1970 with adoption of Ordinance No. 2269 pursuant to the Redevelopment Law. The five members of the City Council serve as governing body of the Agency and exercise all rights, powers, duties and privileges of the Agency. The Mayor serves as the Agency Chairperson. The current members of the Agency and their term of office are shown below:

<u>Name</u>	<u>Position</u>	<u>Expiration of Term</u>
George Battey	Chairman	May 1, 1995
Bill Wiggins	Vice Chairman	May 1, 1997
Robert R. Bowne	Member	May 1, 1995
David Golonski	Member	May 1, 1997
Susan E. Spanos	Member	May 1, 1997

The City Manager, under terms of a cooperative agreement between the City and the Agency, serves as Executive Director of the Agency. The present City Manager, Robert R. Ovrom, was named to that position in 1985.

The cooperative agreement also provides that City personnel are to provide the Agency with financial, planning, engineering, legal and other technical support staff. The Agency also maintains independent staff personnel. Various legal, auditing, architectural, financial consulting, and other professional services are contracted for as needed by the Agency.

History of the Agency

In 1969, the City Council of the City of Burbank (the "City Council") and the City Administration began a comprehensive study and analysis of the City's commercial and industrial sectors. Consultants were retained to study the existing and future economic potential of the community, particularly in those areas experiencing the problems of age and obsolescence. Results of these studies brought about City Council action in 1970 with the formation of the Agency and the subsequent adoption of Redevelopment Plans for the Golden State Redevelopment Project in December 1970 and the City Centre Redevelopment Project in July 1971. In December 1976, the Agency adopted a Redevelopment Plan for the West Olive Redevelopment Project. The Series 1993 Bonds are secured by Tax Revenues from the City Centre Redevelopment Project Area only. Tax Revenues derived from the other two redevelopment areas will not be used to pay the principal of and interest on the Series 1993 Bonds.

Other Projects

In addition to the City Centre Redevelopment Project, the Agency also oversees two other active redevelopment projects. The following table provides a brief comparative description of the three redevelopment projects.

<u>Project Name</u>	<u>Date . Redevelopment Plan Adopted</u>	<u>Area (Acres)</u>	<u>1992/1993 Assessed Valuation</u>	<u>Base Year Valuation</u>	<u>1992/1993 Revenue Receipts</u>
City Centre Redevelopment Project	10/26/71	212	\$ 410,979,430	\$38,379,820	\$3,823,085*
Golden State Redevelopment Project	12/19/70	1,107	1,086,392,933	328,741,900	7,793,199
West Olive Redevelopment Project	12/21/76	128	498,497,106	\$50,000,540	2,437,000**

* Does not reflect valuations that the Agency expects will be added to the supplemental rolls of the County Assessor in fiscal year 1992-93 pursuant to Section 75 et seq. of the California Revenue and Taxation Code.

** Reflects only 49% of gross tax allocation allocated to the Agency pursuant to an Agreement with the County.

Source: The Agency.

Agency Powers and Duties

The Agency is charged with the responsibility for elimination of blight through the process of redevelopment. Generally, this process is culminated with the Agency disposing of land for development by the private sector, but

before this can be accomplished, the Agency must complete the process of acquiring and assembling the necessary sites, relocating residents and business, demolishing the deteriorated improvements, grading and preparing the sites for purchase by developers and providing for ancillary off-site improvements.

All powers of the Agency are vested in its five members. The Agency exercises all of the governmental functions authorized under the Redevelopment Law and has, among other powers, the authority to acquire, administer, develop and sell or lease property, including the right of eminent domain, and the right to issue bonds and expend the proceeds.

The Agency may clear buildings and other improvements, may develop as a building site any real property owned or acquired, and in connection with such development, may cause streets, highways and sidewalks to be constructed or reconstructed and public utilities to be installed. Further, the Agency may, out of funds available to it for such purposes, pay all or part of the value of land, cost of buildings, facilities, structures or other improvements to be publicly owned and operated, to the extent that such improvements are of benefit to the Project Area and are in strict conformity with the Project Plan.

Redevelopment in the State of California is carried out pursuant to the Redevelopment Law. Section 33020 of the Redevelopment Law defines redevelopment as the planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a survey area and the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them.

The Agency may, out of the funds available to it for such purposes, pay for all or part of the value of land and the cost of buildings, facilities, structures or other improvements to be publicly owned and operated, to the extent that such improvements are of benefit to the project area and no other reasonable means of financing is available. The Agency must sell or lease remaining property within a project for redevelopment by others in strict conformity with the redevelopment plan, and may specify a period within which such redevelopment must begin and be completed.

Other Debt of the Agency

The following table outlines other outstanding bonded indebtedness of the Agency and the project area to which such debt corresponds:

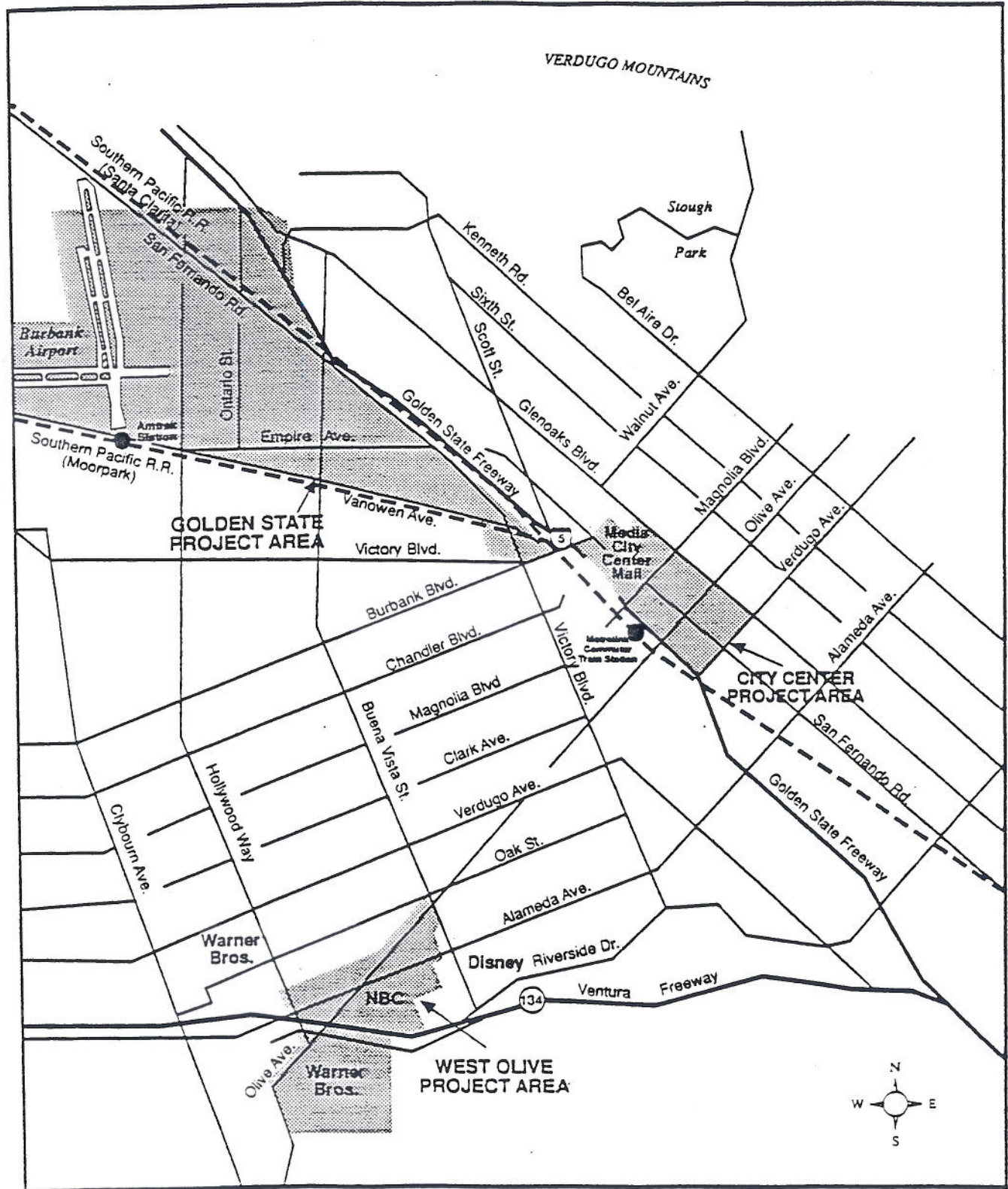
<u>Project Area</u>	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Original Principal Amount (\$000)</u>	<u>Outstanding Principal Amount (\$000)</u>
Golden State Redevelopment Project First Lien Tax Allocation Bonds	12/19/85	12/1/2000	\$23,500	\$16,140
Golden State Redevelopment Project Second Lien Refunding Tax Allocation Bonds	12/11/85	12/1/2005	\$19,940	\$19,940
West Olive Redevelopment Project Tax Allocation Bonds	12/23/83	12/1/13	\$14,000	\$14,000

At or near the time of delivery of the Series 1993 Bonds, the Agency expects to issue approximately \$68,000,000 of refunding and new money bonds for the Golden State Redevelopment Project Area. Such bonds will be secured by tax increment revenues from the Golden State Redevelopment Project Area and not by Tax Revenues from the City Centre Redevelopment Project Area.

Financial Statements

Financial data for the Agency are provided for the three project areas, Golden State, City Centre, and West Olive, as well as on a combined Agency basis. The financial statements of the Agency for the fiscal year ended June 30, 1992 have been audited by KPMG Peat Marwick, independent certified public accountants, and are included herein as Appendix A. Such financial statements have been so included in reliance upon the report of KPMG Peat Marwick given upon their authority as experts in accounting and auditing. KPMG Peat Marwick have not been retained to review the financial data presented in this Official Statement and make no representations or warranties as to, or are responsible for, any of the matters contained herein.

LOCATION MAP



CITY CENTRE REDEVELOPMENT PROJECT

The Project Area

The Project Area encompasses approximately 212 acres in the heart of the City of Burbank. As shown on the Location Map on the preceding page, the Project Area is located less than 13 miles from downtown Los Angeles, with access provided by the Golden State Freeway (Interstate 5) and the Burbank-Glendale-Pasadena Airport. The Project Area has diverse land use, but consists principally of retail and commercial uses. Some of the major retail and commercial land users within the Project Area are the Holiday Inn Hotel Complex, the California Federal Savings and Loan Building, 303 Glenoaks Office Tower, Cusumano Plaza, and the recently completed 1.3 million square foot Media City Mall. Since the completion of the 14-screen AMC Theater, Market City Caffe, Islands Restaurant, Wild Tyme Restaurant, as well as three other dinner houses, First Street is emerging as a dining and entertainment corridor.

The Redevelopment Plan

The Redevelopment Plan for the City Centre Redevelopment Project was adopted by the City Council of the City at a public hearing held in October 1971. The Redevelopment Plan sets forth the principal permitted land uses. It also assigns the Agency and the City their respective responsibilities in carrying out the Redevelopment Plan. Provision is made for rehabilitation as well as new construction and sets forth conditions and procedures required under both approaches. Construction is required to comply with all applicable State and local laws in effect, including without limitation, Building, Electrical, Heating and Ventilating, Housing and Plumbing Codes of the City.

The Redevelopment Plan permits and encourages development opportunities that will provide a full range of activities generally associated with a vital downtown core including retail, office, entertainment, dining, hotel and in-town residential uses. The Redevelopment Plan is generally implemented by the acquisition and assemblage of fragmented land parcels into larger blocks, and to the extent possible, making the highest and best use of all available land consistent with the goals of the Redevelopment Plan. Besides offering development opportunities, the Redevelopment Plan also provides for the widening of streets to better handle present and projected traffic loads, improving additional ingress to and egress from the Project Area, providing additional parking space, and bringing in additional utility facilities.

History of the Project Area

Since October 1971, the Project Area has undergone considerable changes due to redevelopment efforts. The first several years were involved in studying and preparing of the implementation plans. The Agency focused its attention on the acquisition of vacant, under-utilized and blighted parcels

of land, which were to be cleared and made available for development. At the same time it started the process of constructing public improvements designed to make the Project Area more desirable for new development.

From 1971 to the present, the Agency has entered into numerous Disposition and Development Agreements and Owner Participation Agreements. These agreements governed the development of 1,649,732 square feet of land within the Project Area into approximately 711,270 square feet of office space, 374,400 square feet of multi-family housing, 426,520 square feet of retail commercial space (not including the Media City Centre Project), 13,200 square feet of institutional services space, and a 487-room hotel. The value of these developments is approximately \$193,403,850. The following is a list of sample projects in which the Agency has participated:

- The development of the Media City Centre, a major regional shopping mall and mixed use project located on 41 acres, as further described in "—The Media City Centre Project" below.
- The expansion of the AMC 10 theater to 14 screens, the addition of a 505 space parking structure and the addition of the Islands Restaurant and the food court, consisting of Ben and Jerry's ice cream store, the Market City Caffe, The Candy Station, the Metropolitan Coffee and Bagel Shop and the Panda Cafe.
- The development of an eight-story, 121-unit HUD assisted senior citizen housing project known as the Verdugo Tower Senior Citizen Project. This project is expected to be completed in 1994.
- The addition of Tower Two, a 19 story, 117 room addition of the existing Holiday Inn facility. This project was completed in 1991.
- The reopening of South San Fernando Boulevard from Verdugo Avenue to Palm Avenue, known generally as the Golden Mall Improvement Project. This project was undertaken in three phases, and finally completed in 1989.
- The construction of a 60,000 square foot office building and a 7,000 square foot free-standing restaurant, both supported by a 455-space joint public/private parking structure. This project, known as the Cusumano Plaza, was completed in June 1989.
- The construction of a 400 unit apartment building with the Casden Company. Twenty percent of the units have been set aside for low and moderate income households. This project was completed in 1987.
- The construction of a two-phased project owned by Del Rey Property, consisting of a 35,000 square foot office building and a 75,000 square foot office building. The first phase of the project was completed in 1989 and the second phase was completed in 1991.

- The construction of a 134-unit senior citizen housing project above a 35,000 square foot retail space. This project, known as Tunnicliffe-Palm Avenue Senior Housing Project, was completed in 1990.
- The construction of a 98 unit, eight story senior citizen housing project known as the Wesley Tower. This project was completed in 1988.

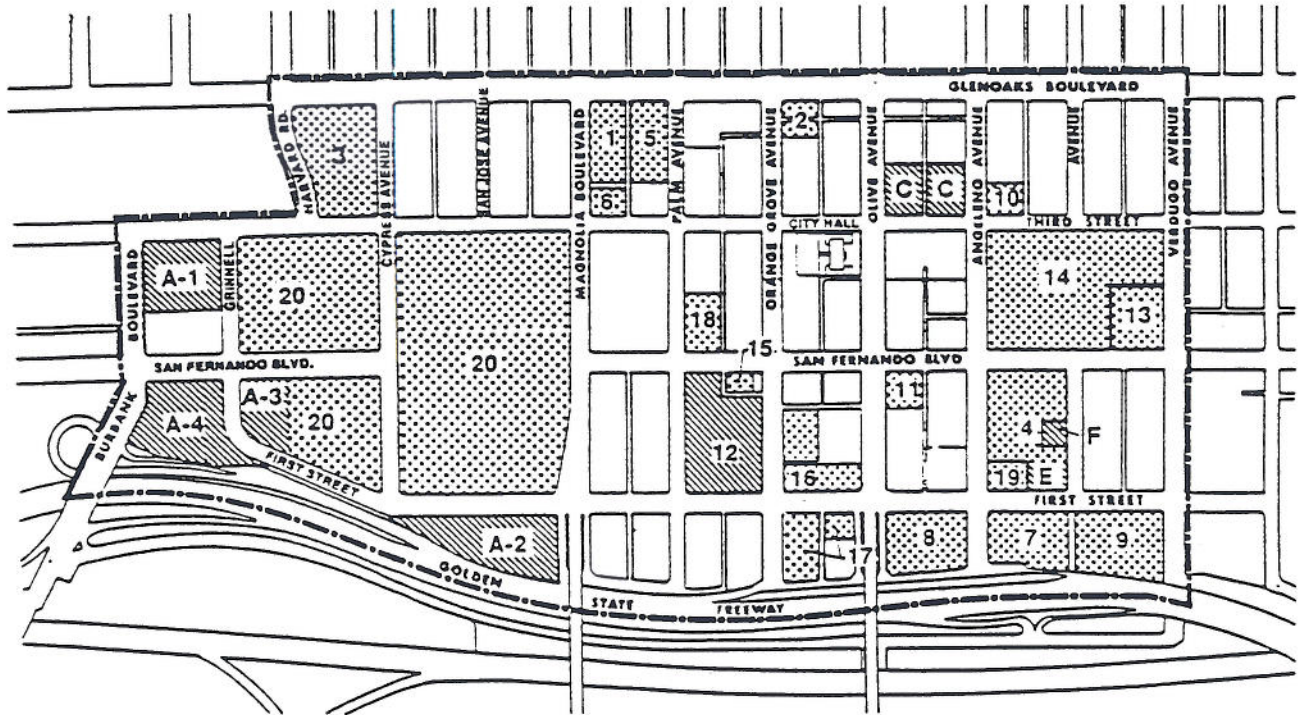
The Redevelopment Status map on the following page sets forth the location of various recent developments in the Project Area and the location of future developments contemplated for the Project Area.

In addition to providing development opportunities, the Agency has implemented a plan to improve pedestrian and vehicular traffic throughout the area and address the future parking and public transit needs as well. This plan includes major street improvements such as rerouting closures, reopenings, widenings and traffic signal upgrades. In addition, new parking structures, on-street and off-street parking regulations and parking ratio/design standards are being reviewed, as well as various pedestrian/streetscape design improvements.

The Media City Centre Project

On September 18, 1989, the Agency entered into a Disposition and Development Agreement with the Haagen-Burbank Partnership (the "Haagen DDA") to develop a major mixed-use, retail, office, hotel and restaurant project. The project, generally known as the Media City Centre Project, consists of 1.3 million square feet of retail space and, at build-out, is expected to consist of over 1 million square feet of office space on four sites and a 300 room hotel. The Agency assembled a 41-acre site to facilitate this development. The developer commenced construction on the Media City Centre Project in September 1989 and, to date has completed the 1.3 million square foot regional shopping center known as the Media City Mall. The completed portion of the Media City Mall consists of a 240,000 square foot free-standing IKEA furniture store, a 140,000 square foot Sears store, a 90,000 square foot Mervyn's store, a 235,000 square foot Bullock's store and over 350,000 square feet of mall retail space. Since the opening of the Media City Mall, the retail activity has generated in excess of \$1,400,000 in sales tax revenues. The Media City Mall contains the 12,500 square feet branch of the Los Angeles County Natural History Museum. The Museum facility was completed and open to public on May 1, 1993. According to the County Assessor's Office as reflected in the assessed valuation for this fiscal year and the supplemental rolls, the Media Centre Mall is currently valued at approximately \$191,000,000. This value includes the construction value of approximately \$25,000,000 for Bullock's Store, completed in September 1992, and various other improvements to the Mall.

CITY CENTRE REDEVELOPMENT PROJECT DEVELOPMENT STATUS



 COMPLETED/UNDER CONSTRUCTION

 PROPOSED/POTENTIAL

- 1 CALIFORNIA FEDERAL SAVINGS
- 2 VALLEY NATIONAL BANK
- 3 PACIFIC MANOR/HARVARD PLAZA
- 4 HOLIDAY INN
- 5 303 GLENOAKS PLAZA
- 6 BURBANK EXECUTIVE PLAZA
- 7 BLACK ANGUS RESTAURANT
- 8 CUSUMANO OFFICE BUILDING
- 9 BOBBY MCGEE'S RESTAURANT
- 10 BOMBAY BICYCLE CLUB RESTAURANT
- 11 SALVATION ARMY
- 12 TUNNICLIFFE OFFICE BUILDING
- 13 AMC 14-PLEX THEATRE
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- C EXPANSION & PUBLIC PARKING
- D HOLIDAY INN TOWER III
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0 100 200 400 SCALE IN FEET

LEGEND

 REDEVELOPMENT PROJECT BOUNDARY



REV.: 29 MARCH 1993

Future planned project components in the Media City Centre Project include four office buildings consisting of 1,000,000 square feet, a 300-room hotel and up to five restaurants. Construction of the office buildings, a hotel and restaurants has not begun, and is expected to be constructed in several phases based on future market demands.

Pursuant to the Haagen DDA, the Haagen-Burbank Partnership loaned \$18,500,000 to the Agency to assist in the construction of parking facilities. The Agency, in turn, is obligated to repay that loan from 70% of the tax revenues generated by the Media City Centre Project. The Haagen DDA expressly subordinates this loan repayment obligation to the payment of the Bonds and any other parity obligation issued by the Agency. Accordingly, Tax Revenues arising from the Media City Centre Project will be legally available to pay debt service on the Bonds prior to the repayment of the loan to the Haagen-Burbank Partnership. However, for the purposes of satisfying the debt service coverage test in connection with the issuance of Parity Bonds, gross tax allocation derived from the construction of the Media City Centre Project will not be included in the Tax Revenues. See "SECURITY FOR THE SERIES 1993 BONDS — Issuance of Parity Bonds" herein.

Intended Use of Proceeds

The Agency expects to use a portion of the Series 1993 Bond proceeds for general redevelopment purposes, including, but not limited to street and intersection improvements, land assembly, on-site development incentives, regional transit facilities and freeway connector improvements, all as contemplated under the Redevelopment Plan.

Major Property Taxpayers

The following table sets forth the ten largest assessees within the Project Area representing a total assessed valuation of more than \$305,261,289 or approximately 74 percent of the assessed valuation for fiscal year 1992/93 within the Project Area, as initially reported by the County Assessor's Office in August 1992. The total assessed valuation represented by the ten largest property owners, exclusive of valuation attributable to Haagen Burbank Partnership which amount is excluded for the purposes of Parity Bonds test under the Indenture, is approximately 44% of the total assessed valuation of the Project Area. See "SECURITY FOR THE SERIES 1993 BONDS—Issuance of Parity Bonds" herein.

**TEN LARGEST ASSESSEES IN THE PROJECT AREA
(Fiscal Year 1992/93)**

<u>Owner</u>	<u>Number of Acres</u>	<u>Nature of Property</u>	<u>Assessed Value</u>
Haagen-Burbank Partnership	41.00	Retail	\$125,587,166
Joseph A. Perry*	4.44	Hotel/Convention Center	45,696,365
Mayer Burbank Ltd.	6.30	Apartments	34,919,404
Glenoaks Plaza Associates Ltd.	0.67	Office	20,902,070
Burbank Executive Plaza	1.72	Office	20,045,360
Del Rey Properties	1.64	Office	18,646,044
Charles P. Cusumano	2.70	Office	11,277,551
230-248 N. Golden Mall Associates	0.86	Residential/Retail	10,590,619
Bhupesh & Kumud B. Parikh Trust	1.54	Office	9,265,393
AMC Realty Inc.	2.37	Restaurants/Entertainment	8,331,317
TOTAL			<u>\$305,261,289</u>

Source: The Agency.

*The assessed valuation noted here is under appeal. See "— Appeals of Assessed Valuation" below.

Appeals of Assessed Valuation

As of May 1, 1993, Joseph A. Perry, the second largest assessee within the Project Area, has an appeal pending with the Los Angeles County Assessment Appeals Board, seeking to reduce his assessed valuation of a hotel/convention center property within the Project Area. According to the County Assessor's Office, at this time, no hearing date has been scheduled in connection with this appeal. While the Agency would experience a reduction of Tax Revenues available for debt service in the event of successful appeal of the above-described property, the Agency expects that the remaining Tax Revenues after such re-assessment would continue to provide sufficient coverage on the Series 1993 Bonds as set forth in "TAX REVENUES AND BOND RETIREMENT — Estimated Debt Service Coverage" herein.

TAX REVENUES AND BOND RETIREMENT

Current Tax Revenues

Property taxes derived each year from the levy and collection of taxes on any increase in the assessed valuation of land, improvements, and personal property in the Project Area over and above the Fiscal Year 1971/72 base roll for such property are to be deposited in the Special Fund and applied to the payment of interest of and principal on the Series 1993 Bonds. The Trustee will set aside monies in the Interest Account sufficient to pay interest due on the Bonds, in the Principal Account monies sufficient

to pay principal maturing, in the Reserve Account an amount needed to maintain the balance therein equal to the Reserve Requirement. Once such debt service and Reserve Account requirements have been fully satisfied for each Bond Year, monies then remaining in the Special Fund and Tax Revenues subsequently received during that Bond Year will be released to the Agency for any lawful purpose.

Table 1 sets forth the fiscal year 1992/93 assessed valuation and the unitary revenue for the Project Area, as projected by the Assessor as of August 1992. Based on such valuation and the current applicable tax rate of 1.0286%, the Agency's gross tax allocation is expected to equal at least \$3,823,085 in fiscal year 1992/93.

TABLE 1

PROJECT AREA GROSS TAX ALLOCATION
FISCAL YEAR 1992/93

Secured and Unsecured Assessed Valuation	\$ 410,979,320
Less Base Year Value	(38,379,820)
Incremental Taxable Value	<u>\$ 372,599,500</u>
Estimated 1992/93 Gross Tax Allocation	<u>\$ 3,823,085</u>

Source: Assessor, County of Los Angeles and the Agency.

Based on the construction value of completed development projects within the Project Area to date, the Agency expects that an additional incremental valuation of approximately \$85,000,000 will be reflected on the supplemental rolls for fiscal year 1992/93. Consequently, the Agency expects that the additional incremental valuation within the Project Area will increase the gross tax allocation for fiscal year 1992/93 to \$4,706,868 and provide Tax Revenues of \$3,765,495 for fiscal year 1992/93.

Based on the incremental valuation as reflected in the August 1992 Assessor's rolls, Tax Revenues of \$3,058,468 provides coverage of 1.74 times on the Maximum Annual Debt Service on the Series 1993 Bonds and outstanding Series 1990 Bonds. Based on the additional incremental valuation expected to be added to the Assessor's supplemental rolls, the Agency expects the adjusted Tax Revenues of \$3,765,495 to provide 2.14 times coverage on the Maximum Annual Debt Service on the Series 1993 Bonds and outstanding Series 1990 Bonds.

Historical Assessed Valuation, Tax Levies and Gross Tax Allocation

Table 2 sets forth a history of assessed valuation, tax levies and gross tax allocations since fiscal year 1984/85. The gross tax allocation for the Project Area has increased by a factor of approximately 3.4 times over the past nine years mainly due to the additional development and the change of ownership of real property in the Project Area. See "LIMITATIONS ON TAXES AND APPROPRIATIONS" herein. See "TABLE 2 -- Project Area Assessed Valuation, Tax Levies and Gross Tax Allocations," under the column entitled "Incremental Taxable Value" below.

TABLE 2
PROJECT AREA
ASSESSED VALUATION, TAX LEVIES
AND GROSS TAX ALLOCATION

Fiscal Year Ending June 30	Secured Value	Unsecured Value	Total Taxable Value	Incremental Taxable Value(1)	Total Tax Increment(2)
1985	\$138,300,000	\$12,161,000	\$150,461,000	\$112,081,180	\$1,120,812
1986	159,518,000	11,942,000	171,460,000	133,080,180	1,330,802
1987	157,292,000	19,340,000	176,632,000	138,252,180	1,382,522
1988	168,297,000	17,499,000	185,792,000	147,412,180	1,474,122
1989	174,752,408	12,804,592	187,557,000	149,177,180	1,491,772
1990	191,215,575	16,003,254	207,218,829	168,839,009	1,688,390
1991	199,053,425	14,484,188	213,537,613	175,157,793	1,751,578
1992	258,626,533	13,935,487	272,562,020	234,182,200	2,341,822
1993	389,164,635	21,814,685	410,979,320	372,599,500	3,823,085(3)

Source: Assessor, County of Los Angeles and the Agency.

- (1) Incremental taxable value equals the difference between total taxable value and the base year value of \$38,379,820.
- (2) The Agency received no unitary tax revenues during these fiscal years and the figures shown under Total Tax Increment reflects gross tax allocation, including Housing Set-Aside Amounts. In addition, for fiscal years 1984/85 to 1988/89, the amount shown includes supplemental subvention revenue of \$88,000 in each year.
- (3) Reflects estimated tax increment available based on the Los Angeles County Assessor's incremental valuation as of August 1992. See "INTRODUCTION -- Tax Allocation Financing" and "TAX REVENUES AND BOND RETIREMENT -- Current Tax Revenues" herein for a discussion of additional incremental valuation expected to be added to the Assessor's supplemental rolls and resulting increase to Tax Revenues.

History of Tax Revenues

Table 3 sets forth the actual and estimated Tax Revenues with respect to the Project Area for fiscal years 1988/89 through 1992/93. As described in "SECURITY FOR THE SERIES 1993 BONDS," Tax Revenues do not include Housing Set-Aside Amounts.

TABLE 3
PROJECT AREA
TAX REVENUES AVAILABLE TO THE AGENCY
FISCAL YEARS 1988/89 THROUGH 1992/93

<u>Fiscal Year</u>	<u>Gross Tax Allocation</u> ⁽¹⁾	<u>Housing Set-Aside Amounts</u> ⁽²⁾	<u>Tax Revenues</u> ⁽³⁾
1988/89	\$1,491,772	\$298,354	\$1,193,418
1989/90	1,688,390	337,678	1,350,712
1990/91	1,751,578	350,316	1,401,262
1991/92	2,341,822	468,364	1,873,458
1992/93	3,823,085	764,617	3,058,468 ⁽⁴⁾

Source: The Agency.

(1) See Table 2 above.

(2) Reflects Housing Set-Aside Amounts.

(3) Reflects Tax Revenues (net of Housing Set-Aside Amounts) calculated from the actual amounts received by the Agency.

(4) Reflects estimated Tax Revenues based on the incremental valuation shown on the books of the Los Angeles County Assessor as of August 1992. See "— Current Tax Revenues" herein for a discussion of additional incremental valuation expected to be added to the Assessor's supplemental rolls and resulting increase to Tax Revenues.

Debt Service and Coverage

Table 4 sets forth the actual debt service on the outstanding Series 1990 Bonds (the payment of principal of and interest on which has not been provided by a portion of the Series 1993 Bond proceeds), the debt service on the Series 1993 Bonds and the combined debt service on the Bonds.

TABLE 4
PROJECT AREA
DEBT SERVICE SCHEDULE

Year Ending December 1	Debt Service on Outstanding Series 1990 Bonds		Series 1993 Bonds		Total Debt Service on the Bonds
	Principal	Interest	Principal	Interest	
1993	\$265,000	\$ 86,220	\$ 300,000	\$ 623,318	\$1,274,538
1994	280,000	156,275	85,000	1,239,135	1,760,410
1995	300,000	138,915	85,000	1,236,670	1,760,585
1996	320,000	120,015	85,000	1,233,610	1,758,625
1997	340,000	99,535	90,000	1,230,210	1,759,745
1998	360,000	77,435	95,000	1,226,340	1,758,775
1999	385,000	53,675	95,000	1,221,970	1,755,645
2000	410,000	27,880	105,000	1,217,410	1,760,290
2001	—	—	545,000	1,212,265	1,757,265
2002	—	—	575,000	1,185,015	1,760,015
2003	—	—	600,000	1,155,690	1,755,690
2004	—	—	635,000	1,124,490	1,759,490
2005	—	—	665,000	1,090,835	1,755,835
2006	—	—	705,000	1,054,925	1,759,925
2007	—	—	740,000	1,019,675	1,759,675
2008	—	—	775,000	982,675	1,757,675
2009	—	—	815,000	943,925	1,758,925
2010	—	—	855,000	903,175	1,758,175
2011	—	—	900,000	860,425	1,760,425
2012	—	—	940,000	815,425	1,755,425
2013	—	—	990,000	768,425	1,758,425
2014	—	—	1,040,000	718,925	1,758,925
2015	—	—	1,090,000	666,925	1,756,925
2016	—	—	1,145,000	612,425	1,757,425
2017	—	—	1,210,000	549,450	1,759,450
2018	—	—	1,275,000	482,900	1,757,900
2019	—	—	1,345,000	412,775	1,757,775
2020	—	—	1,420,000	338,800	1,758,800
2021	—	—	1,495,000	260,700	1,755,700
2022	—	—	1,580,000	178,475	1,758,475
2023	—	—	1,665,000	91,575	1,756,575

Table 5 sets forth the estimated Tax Revenues for Fiscal Year 1992/93 pledged to the payment of debt service on the outstanding Series 1990 Bonds and the Series 1993 Bonds, together with projected debt service coverage.

TABLE 5
PROJECT AREA
PROJECTED TAX REVENUES AVAILABLE FOR DEBT SERVICE

1992/93 Tax Revenues Net of Housing Set-Aside Amounts	<u>\$3,058,468</u> (1)
Maximum Annual Debt Service on the Outstanding Series 1990 Bonds and the Series 1993 Bonds	<u>\$1,760,585</u> (2)
Coverage Ratio	1.74 times (3)

Source: The Agency and Dean Witter Reynolds Inc.

- (1) See Table 3.
(2) See Table 4.
(3) Based on the additional incremental valuation expected to be added to the Assessor's supplemental rolls, the adjusted Tax Revenues in the amount of \$3,765,495, is expected to provide approximately 2.14 times coverage on the Maximum Annual Debt Service on the Series 1993 Bonds and the outstanding Series 1990 Bonds.

For the purpose of issuing Parity Bonds, the Indenture allows the inclusion of additional Tax Revenues attributable to new construction in the Project Area but not yet contained on the County Assessor's roll for the then current fiscal year. In addition to its current assessed valuation of \$410,979,320, the Agency expects that approximately \$85 million of valuation will have been added to the County Assessor's roll for the current fiscal year. The additional assessed valuation is attributable to: (i) the \$65 million additional construction at the Media City Mall, including the completion of Bullock's store; and (ii) the \$20 million construction and expansion of the AMC Theatres and surrounding restaurants.

The Indenture provides that the Tax Revenues attributable to the assessed valuation of the Media City Centre Project are not included for the purposes of calculating the Parity Bonds test. As a result, the Agency estimates that approximately \$191 million of the Project Area's assessed valuation attributable to the Media City Centre Project will not be included in determining Tax Revenues for purpose of issuing the Series 1993 Bonds. See "CITY CENTRE REDEVELOPMENT PROJECT AREA -- Major Property Taxpayers" herein for assessed valuation. Tax Revenues attributable to the assessed valuation of the Media City Centre Project, however, are available to pay debt service on the Series 1993 Bonds and the outstanding Series 1990 Bonds.

THE AUTHORITY

The Burbank Public Financing Authority was formed pursuant to the provisions of Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and the Joint Exercise of Powers Agreement, dated March 16, 1993 (the "Agreement"), by and between the City and the Agency. The Authority was formed to assist in the financing of public capital improvements, such as the Redevelopment Project, the West Olive Redevelopment Project and the City Centre Redevelopment Project.

The Authority functions as an independent entity and its policies are determined by a five-member Governing Board consisting of the City Council.

THE CITY

The Project Area is located within the City of Burbank. For general information concerning the City of Burbank, see Appendix B — "GENERAL INFORMATION CONCERNING THE CITY OF BURBANK."

CERTAIN LEGAL MATTERS

Upon the delivery of the Series 1993 Bonds, Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel, will issue its opinion approving the validity of the Series 1993 Bonds, the form of which opinion is set forth in Appendix C hereto. Certain legal matters will be passed upon for the Underwriters by Brown & Wood, San Francisco, California.

TAX MATTERS

In the opinion of Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series 1993 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 1993 Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may

cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1993 Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 1993 Bonds.

Prospective purchasers of the Series 1993 Bonds should be aware that, under existing law, for the purpose of computing the 20 percent federal alternative minimum tax imposed on corporations, an amount equal to 75 percent of the amount by which adjusted current earnings exceed alternative minimum taxable income is added to alternative minimum taxable income. Interest otherwise excluded from gross income, such as interest on the Series 1993 Bonds, is included in adjusted net book income and in adjusted current earnings.

Prospective purchasers of the Series 1993 Bonds should also be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 1993 Bonds, or in the case of a financial institution, that portion of such financial institution's interest expense allocable to interest payable on the Series 1993 Bonds, (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 831(b)(5)(B)(i) of the Code reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 1993 Bonds, (iii) for taxable years beginning before January 1, 1996, interest on the Series 1993 Bonds earned by some corporation could be subject to the environmental tax imposed by section 59A of the Code, (iv) interest on the Series 1993 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (v) passive investment income, including interest on the Series 1993 Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (vi) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Series 1993 Bonds.

In the further opinion of Bond Counsel, interest on the Series 1993 Bonds is exempt from California personal income taxes.

ORIGINAL ISSUE DISCOUNT

Under the Code, the difference between the principal amount of the Series 1993 Bonds maturing in the years 2015 and 2023 and the initial offering price of such Series 1993 Bonds to the public (excluding bondhouses and brokers) at which price a substantial amount of such Series 1993 Bonds was sold represents interest which, in the opinion of Bond Counsel, is excluded from gross income for federal income tax purposes to the same extent as interest with respect to the Series 1993 Bonds as described above;

provided, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. Such interest accrues on an actuarial basis (that is, on a constant interest rate basis over the term of such Series 1993 Bonds) and a taxpayer's adjusted basis for purposes of determining gain or loss on disposition will be increased by the amount of such accrued interest.

ABSENCE OF LITIGATION

To the best knowledge of the Agency, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Agency to restrain or enjoin the authorization, execution or delivery of the Series 1993 Bonds, or the pledge of the Tax Revenues or the collection of the payments to be made pursuant to the Resolution, or in any way contesting or affecting validity of the Series 1993 Bonds or the Indenture.

RATING

Standard & Poor's Corporation has assigned its municipal bond rating of "AAA" to this issue of Series 1993 Bonds with the understanding that upon delivery of the Series 1993 Bonds, a financial guaranty bond will be issued by the Insurer insuring the payment when due of principal of and interest on the Series 1993 Bonds.

The rating reflects only the views of the rating agency, and does not constitute a recommendation to buy, sell or hold securities. Explanations of the significance of the rating may be obtained from the rating agency. The rating is subject to revision or withdrawal at any time by the rating agency, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating could have an adverse effect on the market price of the Series 1993 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the Agency relating to (a) computation of forecasted receipts of principal and interest on the government securities and the forecasted payments of principal and interest to redeem the Series 1990 Bonds, and (b) computations of the yields on the Series 1993 Bonds and the government securities was examined by KPMG Peat Marwick, certified public accountants. Such computations were based solely on assumptions and information supplied by the Underwriters on behalf of the Agency. KPMG Peat Marwick has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or

evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 1993 Bonds from the Authority at a purchase price of \$22,215,359.50 (representing an underwriters' discount of \$213,110.50 and an original issue discount of \$1,516,530.00) plus accrued interest on the Series 1993 Bonds from their date to the date of delivery to the Underwriters. The Agency has agreed to simultaneously sell the Series 1993 Bonds to the Authority at the same purchase price. The sole function of the Authority with respect to the Series 1993 Bonds is to facilitate a negotiated sale of the Series 1993 Bonds to the Underwriters in accordance with applicable law. The Underwriters' obligations are subject to certain conditions precedent and it will be obligated to purchase all such Series 1993 Bonds if any such Series 1993 Bonds are purchased. The public offering prices may be changed from time to time by the Underwriters.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or owners of any of the Series 1993 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Agency.

REDEVELOPMENT AGENCY OF THE CITY OF
BURBANK, CALIFORNIA

By: /s/ Robert R. Ovrom
Executive Director

APPENDIX A

AUDITED FINANCIAL STATEMENTS
OF THE AGENCY
FOR THE FISCAL YEAR ENDED
JUNE 30, 1992



Certified Public Accountants

**REDEVELOPMENT AGENCY OF THE
CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Annual Financial Report

June 30, 1992

(With Independent Auditors' Report Thereon)

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK
(A Component Financial Reporting Unit
of the City of Burbank, California)

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REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit of
the City of Burbank, California)

Supplementary Information – Combining Financial Statements



Peat Marwick

Certified Public Accountants

725 South Figueroa Street
Los Angeles, CA 90017

INDEPENDENT AUDITORS' REPORT

The Honorable Chairman and
Board of Directors of the Redevelopment
Agency of the City of Burbank:

We have audited the accompanying component unit financial statements of the Redevelopment Agency of the City of Burbank (Agency) (a component financial reporting unit of the City of Burbank, California) as of and for the year ended June 30, 1992, as listed in the accompanying table of contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Redevelopment Agency of the City of Burbank as of June 30, 1992 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplementary combining financial statements listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of the Redevelopment Agency of the City of Burbank. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the component unit financial statements taken as a whole.

KPMG Peat Marwick

October 23, 1992



Member Firm of
Klynveld Peat Marwick Goerdeler

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit
of the City of Burbank, California)

Combined Balance Sheet -
All Fund Types and Account Groups

June 30, 1992

(In thousands)

Assets and Other Debits	Governmental Fund Types		Account Groups		Total (memorandum only)
	Debt Service	Capital Projects	General Fixed Assets	General Long-Term Debt	
Cash and investments	\$ —	36,725	—	—	36,725
Restricted cash and investments	23,458	—	—	—	23,458
Accounts receivable	—	50	—	—	50
Interest receivable	432	926	—	—	1,358
Taxes receivable	2,806	—	—	—	2,806
Note receivable	—	7,730	—	—	7,730
Interfund receivables	—	1,879	—	—	1,879
Due from City of Burbank	—	30	—	—	30
Land held for resale	—	29,307	—	—	29,307
Prepaid expenses	—	1	—	—	1
Advances to other funds	—	19,030	—	—	19,030
Fixed assets	—	—	18,500	—	18,500
Amount available in debt service fund	—	—	—	24,313	24,313
Amount to be provided for the retirement of long-term debt	—	—	—	136,180	136,180
Total assets and other debits	\$ 25,696	95,678	18,500	160,493	301,367
Liabilities, Fund Balances and Other Credits					
Accounts payable	\$ 218	574	—	—	792
Interfund payable	1,879	—	—	—	1,879
Due to City of Burbank	286	11,688	—	—	11,974
Intergovernmental payable	—	832	—	—	832
Notes payable	—	—	—	27,016	27,016
Advances payable	—	—	—	70,654	70,654
Contracts payable	—	—	—	348	348
Deposits	—	1,275	—	—	1,275
Revenue bonds	—	—	—	62,475	62,475
Total liabilities	2,383	14,369	—	160,493	177,245
Fund balances and other credits:					
Investment in fixed assets	—	—	18,500	—	18,500
Fund balances:					
Reserved for:					
Encumbrances	—	5,030	—	—	5,030
Prepaid expenses	—	1	—	—	1
Land held for resale	—	29,307	—	—	29,307
Advances to other funds	—	19,030	—	—	19,030
Note receivable	—	7,730	—	—	7,730
Capital improvement	—	7,336	—	—	7,336
Land contingency	—	2,151	—	—	2,151
Unreserved - designated for debt service	24,313	—	—	—	24,313
Unreserved - designated for capital improvement	—	10,724	—	—	10,724
Total fund balances and other credits	24,313	81,309	18,500	—	124,122
Total liabilities, fund balances and other credits	\$ 26,696	95,678	18,500	160,493	301,367

See accompanying notes to component unit financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types

June 30, 1992

(In thousands)

	Governmental Fund Types		Total (memorandum only)
	Debt Service	Capital Projects	
Revenues:			
Property tax allocation	\$ 17,597	—	17,597
Use of money or property	2,374	4,026	6,400
Charges for services	—	257	257
Total revenues	19,971	4,283	24,254
Expenditures:			
General government	—	2,580	2,580
Capital outlay	—	24,119	24,119
Debt service:			
Principal	2,463	—	2,463
Interest	6,789	—	6,789
Total expenditures	9,252	26,699	35,951
Excess of revenues over (under) expenditures	10,719	(22,416)	(11,697)
Other financing sources (uses):			
Operating transfer in	355	4,371	4,726
Operating transfer out	(9,139)	(2,698)	(11,837)
Proceeds from note payable	—	18,789	18,789
Advances from City	—	42	42
Advances from other funds	—	2,868	2,868
Total other financing sources (uses)	(8,784)	23,372	14,588
Excess of revenues over expenditures and other financing sources (uses)	1,935	956	2,891
Fund balances, July 1, 1991	22,378	80,353	102,731
Fund balances, June 30, 1992	\$ 24,313	81,309	105,622

See accompanying notes to component unit financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit
of the City of Burbank, California)

Combined Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - All Governmental Fund Types

June 30, 1992

(In thousands)

	Debt Service Funds			Capital Projects Funds		
	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property tax allocation	\$ 13,018	17,597	4,579	—	—	—
Use of money or property	1,115	2,374	1,259	17,610	4,026	(13,584)
Charges for services	—	—	—	5	257	252
Total revenues	14,133	19,971	5,838	17,615	4,283	(13,332)
Expenditures:						
General government	—	—	—	2,916	2,580	336
Capital outlay	—	—	—	25,717	24,119	1,598
Debt service:						
Principal	2,463	2,463	—	—	—	—
Interest	6,981	6,789	192	—	—	—
Total expenditures	9,444	9,252	192	28,633	26,699	1,934
Excess of revenues over (under) expenditures	4,689	10,719	6,030	(11,018)	(22,416)	(11,398)
Other financing sources (uses):						
Operating transfer in	355	355	—	2,013	4,371	2,358
Operating transfer out	(6,165)	(9,139)	(2,974)	(2,698)	(2,698)	—
Proceeds from note payable	—	—	—	18,789	18,789	—
Advances from City	—	—	—	42	42	—
Advances from other funds	—	—	—	2,868	2,868	—
Total other financing sources (uses)	(5,810)	(8,784)	(2,974)	21,014	23,372	2,358
Excess of revenues over (under) expenditures and other sources (uses)	(1,121)	1,935	3,056	9,996	956	(9,040)
Fund balances, July 1, 1991	22,378	22,378	—	80,353	80,353	—
Fund balances, June 30, 1992	\$ 21,257	24,313	3,056	90,349	81,309	(9,040)

See accompanying notes to component unit financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements

June 30, 1992

(In thousands)

(1) Summary of Significant Accounting Policies

Description of Reporting Entity

The Redevelopment Agency of the City of Burbank (Agency) was activated by the City Council of the City of Burbank by Ordinance No. 2223, adopted on May 12, 1970 under the provisions of the State of California Community Redevelopment Law. The Agency meets the criteria established by the Governmental Accounting Standards Board for inclusion as a component unit of the City of Burbank (City) for financial reporting purposes; accordingly, the financial statements of the Agency are also included in the Comprehensive Annual Financial Report of the City as a component unit.

The Agency has the authority to acquire, develop, administer and sell or lease property, including the right to issue bonds and expend their proceeds, all in conformity with previously adopted formal redevelopment plans. The California Community Redevelopment law provides that, on adoption of a redevelopment plan, all future tax revenues attributable to increases in the tax base within a project shall be paid into a special fund of the Agency to pay the principal and interest, advances and other indebtedness of the Agency.

The Agency currently has designated three principal project areas, the highlights of which are as follows:

- Golden State Project - This project area which encompasses approximately 1100 acres was created in December 1970 and amended in January 1973. It includes the Burbank-Glendale-Pasadena Airport and surrounding area adjacent to the Golden State Freeway. The numerous parcels that comprise this Project Area contain a variety of industrial and commercial structures. Improvements made in this area includes removal of substandard buildings, elimination of environmental deficiencies, restructuring of obsolete street patterns and odd shaped lot patterns, creation of new sites for commercial and industrial development and expansion of employment opportunities.
- City Centre Project - This project area was created in July 1971 and amended in July 1974. The 212 acre area encompasses City Hall and other City buildings as well as the Media City Centre Mall. The project area contains a variety of commercial and residential structures. Objectives of the City Centre Project include expansion of retail business, development of mixed-use housing and commercial facilities, elimination of detrimental land use and environmental deficiencies and provision for overall beautification of the Burbank downtown area.

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

- West Olive Project – This project was created in October 1976. It consists of a mixture of residential, commercial and media related commercial and industrial facilities. The project encompasses the City's major medical center and several large movie and television studios. The focus of the West Olive Project has been to work with existing property owners toward upgrading and developing their facilities. The Agency has also provided for traffic reconfiguration and improvements.

Description of Funds and Account Groups

The different funds and account groups in which financial data pertaining to the Agency are recorded are as follows:

- Governmental Fund Types:
 - Debt Service Funds – These funds were established to finance and account for the payment of interest and principal on the Agency's indebtedness. The principal sources of revenue of this fund are incremental property taxes and investment income.
 - Capital Project Funds – These funds reflect all revenues and costs of implementing the redevelopment projects in accordance with the California Community Redevelopment Law, including acquisition of properties, cost of site improvements and other costs that benefit the Project Areas as well as administrative expenses incurred in sustaining Agency activities.
- Account Groups:
 - General Fixed Assets Account Group – This group of accounts is established to account for all fixed assets of the Agency. General fixed assets are capitalized at cost. No depreciation is provided on general fixed assets.
 - General Long-Term Debt Account Group – This group of accounts is used to account for, in a separate self-balancing group of accounts, the Agency's outstanding indebtedness.

Basis of Accounting

The Agency's funds are accounted for using the modified-accrual basis of accounting. Revenues are recognized when they become susceptible to accrual – that is, both measurable and available. For purposes of this report, the Agency has defined the term "available" to mean collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Agency considers property taxes available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified-accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recognized when due.

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

Encumbrances

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed for all governmental fund types. Encumbrances outstanding at year-end are treated as a reservation of fund equity since they do not constitute expenditures or liabilities.

Investments

Investments are stated at cost.

Land Held for Resale

Land held for resale is recorded at the lower of cost or estimated net realizable value. Estimated realizable value is determined by an agreed-upon sales prices with potential developers. Amounts recorded as land held for resale are offset by a reservation of fund balance.

Advances to/from Other Funds

The noncurrent portions of advances to other funds have been recognized as receivables in the disbursing funds. A corresponding reservation of fund balance has also been made to indicate that such receivables do not constitute "available spendable resources." In the receiving funds, a liability is established in the General Long-Term Debt Account Group for the noncurrent portion of advances from other funds to recognize the long-term repayment nature of the advances are between the City and the Agency. Additionally, advances are also recognized as other financing sources in the receiving funds. In the case of the City and the Agency, it is the intention of both entities that these advances be repaid as future property tax increment revenues permit.

Appropriated Budget and Budgetary Control

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the Debt Service and Capital Projects Funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The level of appropriated budgetary control is at the functional departmental level. The City Manager may authorize transfers of appropriations within a departmental function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the City Council by no less than 4/5 votes. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget by action of the City Council.

Agency Employees

The Agency utilizes employees of the City to perform the various duties of Agency operations. The Agency reimburses the city by allocations of payroll and employee related expenditures.

**REDEVELOPMENT AGENCY OF THE
CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

Total (Memorandum Only) Columns

Total columns in the component unit financial statements are captioned "total (memorandum only)" to indicate that they are presented only to facilitate financial analysis. Data in such "total (memorandum only)" columns are not intended to fairly present financial position, results of operations or changes in financial position in conformance with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Investments

Pooled Cash and Investments

The Agency pools cash and investments with that of the City, except for funds required to be held by outside fiscal agents under provisions of bond indentures. Each fund type's portion of the cash and investments are displayed on the combined balance sheet.

Interest earned on pooled cash and investments is allocated monthly to the various funds based on average daily balances. The Agency's portion of this pooled amount is \$53,252. Interest income from cash and investments with fiscal agents is credited directly to the related funds.

Authorized Investments

Under provision of the Agency's investment policy, and in accordance with Section 53601 of the California Government Code, the Agency may invest in the following types of investments:

- Public fund time deposits
- Certificates of deposit placed with commercial banks, savings and loan companies and credit unions
- Negotiable certificates of deposit
- Government bonds and notes
- Bankers' acceptances
- Commercial paper
- Repurchase and reverse repurchase agreements
- Mortgage securities
- Bonds and notes of Federally sponsored agencies
- Local Agency Investment Fund
- Small Business Administration notes
- Financial futures or financial option contracts
- Passbook savings account demand deposits

**REDEVELOPMENT AGENCY OF THE
CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

**Credit Risk, Carrying Amount and Market
Value of Invested Cash and Investments**

At June 30, 1992, the market value of the invested cash and investment securities held by the Agency approximated cost. The investments that are represented by specific identifiable investment securities are classified as to credit risk by three categories as follows:

- Category 1 - Includes investments that are insured or registered or for which securities are held by the Agency or its agent in the Agency's name
- Category 2 - Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Agency's name
- Category 3 - Includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Agency's name.

The following is a schedule of the carrying value of the Agency's investments with fiscal agents summarized by credit risk:

	Category			Carrying amount	Market value
	1	2	3		
With fiscal agents:					
Corporate Trust Investment					
Treasury Fund	\$	—	3,358	—	3,358
Guaranteed Investment					
Contracts*		—	—	—	3,573
		—	—	—	3,573
Total investments with fiscal agents	\$	—	3,358	—	6,931

*Not subject to categorization.

Further information regarding the categorization of pooled cash and investments can be found in the City's Comprehensive Annual Financial Report.

(3) General Fixed Assets

General fixed assets consists of a parking structure in the City Centre project area purchased by the Agency in connection with the Disposition and Development Agreement between the Haagen Burbank Partnership and the Agency.

**REDEVELOPMENT AGENCY OF THE
CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

A summary of changes in general fixed assets during the year ended June 30, 1992 is as follows:

		<u>Balance at July 1, 1991</u>	<u>Addi- tions</u>	<u>Deletions</u>	<u>Balance at June 30, 1992</u>
Buildings and improvements	\$	—	18,500	—	18,500
Total fixed assets	\$	<u>—</u>	<u>18,500</u>	<u>—</u>	<u>18,500</u>

(4) Long-Term Liabilities

Activity in the General Long-Term Debt Account Group for the year ended June 30, 1992 was as follows:

		<u>Balance at July 1, 1991</u>	<u>Addi- tions</u>	<u>Retire- ments</u>	<u>Balance at June 30, 1992</u>
Advances payable	\$	67,786	2,868	—	70,654
Notes payable		8,277	18,789	50	27,016
Tax allocation bonds		64,540	—	2,065	62,475
Contracts payable		<u>696</u>	<u>—</u>	<u>348</u>	<u>348</u>
Total General Long-Term Debt Account Group	\$	<u>141,299</u>	<u>21,657</u>	<u>2,463</u>	<u>160,493</u>

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

Notes Payable

Haagen, Burbank Partners - This note evidences the unsecured obligation of the Agency to Haagen, Burbank Partners (the lender) for the cost of the parking and related common area facilities of the Media City Centre Mall. The loan bears interest at the rate in effect on the Lender's primary construction or permanent loan on the Phase I Regional Center, as defined in the Disposition and Development Agreement between the Lender and the Agency (DDA). The loan shall be paid in semi-annual installments of principal and interest, compounded monthly, on February 1 and August 1 of each calendar year until February 1, 2016. Any unpaid balance as of February 1, 2016, shall be forgiven. Such semi-annual payments shall equal 70% of the "Project Increment," as defined in the DDA

\$ 18,500

Community Development Commission (CDC) - In July 1990, the Redevelopment Agency executed a promissory note for \$12,000 or so much thereof as may be advanced from time to time for the period of 48 months. The rate of interest is 6% per annum. The loan was made by the CDC for Community Development Block Grant eligible activities related to the acquisition of land and the construction of public improvements within the Redevelopment Agency City Centre project area

8,416

Other

100

Total notes payable

\$ 27,016

Aggregate maturities of notes payable including interest are as follows:

	<u>Interest</u>	<u>Principal</u>
Year ending June 30:		
1993	\$ 484	8,466
1994	—	50
1995	—	—
1996	—	—
1997	—	—
Thereafter	—	18,500
	<u>\$ 484</u>	<u><u>27,016</u></u>

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

Advances Payable

Advances from City

The City and the Redevelopment Agency entered into agreements by Resolutions R504, R787 and R1177 to loan an aggregate amount of \$1,778 to the City Centre Project for the purchase of land. Interest is 7% payable quarterly. There is no payment schedule for the principal portion of this advance, repayment will be made as the funds become available in the future	\$ 1,778
The City and the Redevelopment Agency entered into a cooperation agreement through which the City agreed to advance funds to the City Centre Project necessary for land acquisition and related expenses. This agreement has no interest or repayment schedule. Repayment of the advance will be made as the funds become available	49,621
From 1977 through 1979, the City and the Redevelopment Agency entered into agreements to loan funds aggregating \$225 to the West Oliver Project. These agreements bear no interest and have no repayment schedule	225
Total advances from City	<u>51,624</u>

Advances from Redevelopment Projects

In August of 1983, the Redevelopment Agency City Centre Project and Redevelopment Golden State Project entered into a cooperation agreement whereby the Golden State Project would advance the City Centre Project funds necessary for land acquisition and related expenses. This agreement has no interest or repayment schedule. Repayment of the advance will be made as the funds become available	15,412
From 1978 through 1982, the Redevelopment Agency West Olive Project entered into agreements wherein the Golden State Project loaned funds aggregating \$750 to the West Olive Project. These agreements bear interest at 7% per annum, payable quarterly. Repayment of the principal will be made as the project has funds available	750
In October 1991, the Agency passed Resolution No. R-1637 for the advance of \$1,338 in Golden State Land Sale proceeds and \$1,530 in West Olive Land Sale proceeds to the City Centre Project Area. The advances shall be interest free and shall be repaid as funds become available	2,868
Total advances from redevelopment projects	<u>19,030</u>
Total advances payable	<u>\$ 70,654</u>

**REDEVELOPMENT AGENCY OF THE
CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

Aggregate maturities of notes payable including interest are as follows:

	<u>Interest</u>	<u>Principal</u>
Year ending June 30:		
1993	\$ 177	—
1994	177	—
1995	177	—
1996	177	—
1997	177	—
Thereafter	<u>177 per year</u>	<u>70,654</u>
		\$ <u>70,654</u>

Bonds Payable

Bonds payable are comprised of the following individual issues:

Tax Allocation Bonds

\$19,940 Golden State Redevelopment Project Second Lien Refunding Tax Allocation Bonds of 1985, Series A, serial bonds, due in annual installments from \$600 to \$2,025 through December 1, 2005. Interest at various rates ranging from 8.75% to 9.25% is payable semiannually on June 1 and December 1. The bonds were issued to defease the \$7,000, 1972 bonds, \$5,400 1978 Series A bonds and the \$13,600 1978 Series B bonds. These bonds are collateralized by a pledge of remaining revenues of increased property tax collection within the project after payment of the principal and interest payment on the First Lien Bonds	\$ 16,995
\$23,500 Golden State Redevelopment Project First Lien Tax Allocation Bonds of 1985, Series A, serial bonds, due in annual installments of \$1,230 to \$2,675 through December 1, 2000. The interest rate is 8.40% and is payable semiannually on June 1 and December 1. The bonds are collateralized by a first pledge of incremental tax revenues to be received by the project	17,480
\$14,235 City Centre Tax Allocation Bonds of 1990, Series A, serial bonds, due in annual installments ranging from \$235 to \$1,145 through December 1, 2015; interest at various rates ranging from 6.0% through 7.2% payable semiannually June 1 and December 1. These bonds are equally secured by an irrevocable pledge of the incremental tax revenues	14,000
\$14,000 West Olive Redevelopment Project Tax Allocation Bonds of 1983, serial bonds, due in annual installments ranging from \$340 to \$866 through December 1, 2013; interest at various rates ranging from 9.2% through 9.7% payable semiannually June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project. Bonds are callable prior to maturity	<u>14,000</u>
Total tax allocation bonds	\$ <u>62,475</u>

**REDEVELOPMENT AGENCY OF THE
CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

The annual requirements to amortize all bonded debt outstanding as of June 30, 1992, including interest of approximately \$53,013 and principal of \$62,475 are as follows:

Year ending June 30:		
1993	\$	7,509
1994		7,512
1995		7,846
1996		7,854
1997		7,851
Thereafter		<u>76,916</u>
Total		115,488
Less interest		<u>53,013</u>
Principal	\$	<u><u>62,475</u></u>

Contract Payable

The contract payable represents an obligation from the Golden State Redevelopment Project to the Burbank Unified School District (District). Management has decided to amortize this obligation transferring sufficient funds to the City on behalf of the Burbank Unified School District to meet these obligations at maturity. As of June 30, 1992, \$348 is recorded in the general long-term debt account group, which is to be paid in full in July 1993. Interest is payable on the amount outstanding at a rate of 1% over the prime rate with a 10% minimum and a 12% maximum per annum, payable in quarterly installments.

(5) Interfund Receivables/Payables

The interfund balances consist of the following as of June 30, 1992:

Fund	Receivable	Payable
Capital Project Funds:		
Golden State Project	\$ 861	—
City Centre Project	280	—
West Olive Project	738	—
Debt Service Funds:		
Golden State Project	—	863
City Centre Project	—	279
West Oliver Project	—	<u>737</u>
Total	\$ <u><u>1,879</u></u>	<u><u>1,879</u></u>

**REDEVELOPMENT AGENCY OF THE
CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

(6) Retirement Plan

The Agency as part of the City, contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer PERS that acts as a common investment and administrative agent for cities in California. The Agency assumes its share of pension costs based upon rates established by PERS for the City's general employees. No separate pension benefit obligation is calculated for the Agency; accordingly, no obligation is presented herein. Further information regarding the City's participation in PERS may be found in the City's Comprehensive Annual Financial Report.

(7) Contingent Liabilities

In the ordinary course of business, there are outstanding various legal proceedings pending against the Agency. In the opinion of management, based upon the advice of counsel, liabilities arising from these proceedings, if any, will not have a material adverse effect on the financial condition of the Agency.

(8) Self-Insurance

In conjunction with the City, the Agency is self-insured for the first \$1,000 of general liability claims and for the first \$500 of worker's compensation claims. Information pertaining to the amounts accrued for claims payable including both reported claims and claims incurred but not reported may be found in the City's Comprehensive Annual Financial Report.

(9) Land Held for Resale

As of June 30, 1992, land held for resale consists of the following:

Golden State Redevelopment Project Area	\$	14,580
City Centre Redevelopment Project Area		13,250
West Olive Redevelopment Project Area		<u>1,477</u>
Total	\$	<u>29,307</u>

(10) Subsequent Events

In accordance with a Disposition and Development Agreement (DDA) with Alexander Haagen Company, the Agency incurred a note payable to the Haagen Burbank Partnership up to a maximum of \$33,000 upon the opening of the Bullock's Department Store in the Media City Centre Mall. In accordance with the terms of the DDA the Agency was to become liable for the debt, and the developer was to deed the Bullock's real property to the Agency upon the store's opening for business which occurred on September 2, 1992. The liability is based upon the developer's actual construction costs to a maximum of \$33,000. The final costs are not expected

**REDEVELOPMENT AGENCY OF THE
CITY OF BURBANK**

(A Component Financial Reporting Unit
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

to be known until December 1992, but are expected to approximate the \$33,000 maximum. The Agency is expected to take title to the property by December 1992. The note bears interest at a variable rate equal to the developer's construction loan interest rate. Principal and interest payments are due semiannually on February 1 and August 1 of each year. However, annual payments by the Agency on the note are restricted to: 70% of the property tax increment generated from Bullock's and the Mall expansion, the Agency's portion of sales tax revenue from Bullock's sales activity, and the lease income received from Bullock's. The Agency has no obligation to pay amounts in excess of these items. The note matures on August 1, 2016, and the Agency is not obligated to pay off any remainder balance should the repayment sources be insufficient to fully satisfy all principal and accrued interest.

Exhibit A
**REDEVELOPMENT AGENCY OF
 THE CITY OF BURBANK**
 (A Component Financial Reporting Unit
 of the City of Burbank, California)

Debt Service Funds

Combining Balance Sheet

June 30, 1992

(In thousands)

Assets	Golden State Project	City Centre Project	West Olive Project	Golden State Sinking	Total
Restricted cash and investments	\$ 5,112	1,292	5,639	11,415	23,458
Taxes receivable	905	344	872	685	2,806
Interest receivable	214	6	7	205	432
Total assets	<u>6,231</u>	<u>1,642</u>	<u>6,518</u>	<u>12,305</u>	<u>26,696</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	214	2	2	—	218
Interfund payables	863	279	737	—	1,879
Due to City of Burbank	42	69	175	—	286
Total liabilities	1,119	350	914	—	2,383
Fund balances - unreserved - designated for debt service	<u>5,112</u>	<u>1,292</u>	<u>5,604</u>	<u>12,305</u>	<u>24,313</u>
Total liabilities and fund balances	<u>\$ 6,231</u>	<u>1,642</u>	<u>6,518</u>	<u>12,305</u>	<u>26,696</u>

Exhibit B

**REDEVELOPMENT AGENCY OF
THE CITY OF BURBANK**
(A Component Financial Reporting Unit
of the City of Burbank, California)

Debt Service Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

June 30, 1992

(In thousands)

	<u>Golden State Project</u>	<u>City Centre Project</u>	<u>West Olive Project</u>	<u>Golden State Sinking</u>	<u>Total</u>
Revenues:					
Property tax allocation	\$ 9,732	3,593	2,863	1,409	17,597
Use of money or property	<u>776</u>	<u>136</u>	<u>633</u>	<u>829</u>	<u>2,374</u>
Total revenues	<u>10,508</u>	<u>3,729</u>	<u>3,496</u>	<u>2,238</u>	<u>19,971</u>
Expenditures:					
Principal retirement	2,228	235	—	—	2,463
Interest	<u>3,918</u>	<u>1,489</u>	<u>1,382</u>	<u>—</u>	<u>6,789</u>
Total expenditures	<u>6,146</u>	<u>1,724</u>	<u>1,382</u>	<u>—</u>	<u>9,252</u>
Excess of revenues over expenditures	<u>4,362</u>	<u>2,005</u>	<u>2,114</u>	<u>2,238</u>	<u>10,719</u>
Other financing sources (uses):					
Operating transfers in	—	331	24	—	355
Operating transfers out	<u>(4,517)</u>	<u>(2,390)</u>	<u>(2,232)</u>	<u>—</u>	<u>(9,139)</u>
Total other financing uses	<u>(4,517)</u>	<u>(2,059)</u>	<u>(2,208)</u>	<u>—</u>	<u>(8,784)</u>
Excess of revenues over (under) expenditures and other financing uses	(155)	(54)	(94)	2,238	1,935
Fund balances, July 1, 1991	<u>5,267</u>	<u>1,346</u>	<u>5,698</u>	<u>10,067</u>	<u>22,378</u>
Fund balances, June 30, 1992	<u>\$ 5,112</u>	<u>1,292</u>	<u>5,604</u>	<u>12,305</u>	<u>24,313</u>

EXHIBIT C
REDEVELOPMENT AGENCY OF THE CITY OF BURBANK
 (A Component Financial Reporting Unit
 of the City of Burbank, California)
**Combining Statement of Revenues, Expenditures and Changes in Fund
 Balances - Budget and Actual - Debt Service Funds**
 June 30, 1992
 (In thousands)

	Golden State Project			City Center Project			West Olive Project			Golden State Linking			Total		
	Appropriated Budget	Actual	Variance favorable (unfavorable)	Appropriated Budget	Actual	Variance favorable (unfavorable)	Appropriated Budget	Actual	Variance favorable (unfavorable)	Appropriated Budget	Actual	Variance favorable (unfavorable)	Appropriated Budget	Actual	Variance favorable (unfavorable)
Revenues:															
Property tax allocation	\$ 8,140	9,722	1,582	2,228	3,593	1,365	2,160	2,843	700	360	1,409	1,049	13,018	17,597	4,579
Use of money on property	240	774	534	105	184	84	312	632	320	360	879	519	1,112	2,374	1,262
Total revenues	8,380	10,496	2,116	2,333	3,777	1,449	2,472	3,475	820	720	2,288	1,568	14,130	19,971	5,841
Expenditures:															
Debt Service	2,228	2,228	—	235	235	—	—	—	—	—	—	—	2,463	2,463	—
Principal	4,111	3,918	193	1,492	1,482	10	1,372	1,381	9	—	—	—	4,881	4,789	92
Interest	6,232	6,146	86	1,718	1,714	4	1,372	1,382	10	—	—	—	8,263	8,252	11
Total expenditures	12,571	12,292	279	3,445	3,431	14	2,744	2,763	19	660	2,238	1,578	15,407	15,504	92
Excess of revenues over expenditures	(4,191)	(1,796)	2,395	(1,112)	(354)	765	(272)	(288)	781	(660)	(660)	(660)	(4,677)	(10,719)	6,042
Other financing sources (uses):															
Operating transfer in	(4,112)	(4,512)	400	331	331	—	24	24	—	—	—	—	355	355	—
Operating transfer out	—	—	—	(1,388)	(2,350)	1,962	(668)	(2,312)	1,644	—	—	—	(6,183)	(6,183)	—
Total other financing	(4,112)	(4,512)	400	(1,057)	(2,019)	1,962	(644)	(2,288)	1,644	—	—	—	(5,828)	(5,828)	—
Excess of revenues over (under) expenditures and other financing uses	(1,972)	(155)	1,817	(335)	(54)	271	(420)	(94)	1,284	660	2,238	1,578	(1,121)	1,935	3,056
Fund balances, July 1, 1991	3,267	3,267	—	1,246	1,346	100	5,698	5,698	—	10,087	10,087	—	21,378	21,378	—
Fund balances, June 30, 1992	\$ 3,295	\$ 3,112	\$ 1,817	\$ 1,091	\$ 1,302	\$ 271	\$ 5,278	\$ 5,604	\$ 1,284	\$ 10,747	\$ 12,325	\$ 1,578	\$ 21,257	\$ 24,313	\$ 3,056

Exhibit D

REDEVELOPMENT AGENCY OF
THE CITY OF BURBANK(A Component Financial Reporting Unit
of the City of Burbank, California)

Capital Projects Funds

Combining Balance Sheet

June 30, 1992

(In thousands)

Assets	Golden State Project	City Centre Project	West Olive Project	Total
Cash and investments	\$ 23,555	2,107	11,063	36,725
Accounts receivable	9	32	9	50
Interest receivable	666	55	205	926
Note receivable	7,060	670	—	7,730
Interfund receivables	861	280	738	1,879
Due from City of Burbank	30	—	—	30
Land held for resale	14,580	13,250	1,477	29,307
Prepaid expenses	—	1	—	1
Advances to other funds	17,500	—	1,530	19,030
Total assets	\$ 64,261	16,395	15,022	95,678
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 54	500	20	574
Due to City of Burbank	11,656	19	13	11,688
Intergovernmental payable	—	—	832	832
Deposits	442	833	—	1,275
Total liabilities	12,152	1,352	865	14,369
Fund balances:				
Reserved for encumbrances	3,482	1,122	426	5,030
Reserved for prepaid items	—	1	—	1
Reserved for land held for resale	14,580	13,250	1,477	29,307
Reserved for advances to other funds	17,500	—	1,530	19,030
Reserved for note receivable	7,060	670	—	7,730
Reserved for capital improvement	7,336	—	—	7,336
Reserved for land contingency	2,151	—	—	2,151
Designated for capital improvement	—	—	10,724	10,724
Total fund balances	52,109	15,043	14,157	81,309
Total liabilities and fund balances	\$ 64,261	16,395	15,022	95,678

Exhibit E
**REDEVELOPMENT AGENCY OF
 THE CITY OF BURBANK**

(A Component Financial Reporting Unit
 of the City of Burbank, California)

Capital Projects Funds

Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances

June 30, 1992

(In thousands)

	Golden State Project	City Centre Project	West Olive Project	Total
Revenues:				
Use of money or property	\$ 2,542	491	993	4,026
Charges for services	154	102	1	257
Total revenues	<u>2,696</u>	<u>593</u>	<u>994</u>	<u>4,283</u>
Expenditures:				
General Government - administrative services	1,176	855	549	2,580
Capital outlay - general capital improvements	108	23,919	92	24,119
Total expenditures	<u>1,284</u>	<u>24,774</u>	<u>641</u>	<u>26,699</u>
Excess of revenues over (under) expenditures	<u>1,412</u>	<u>(24,181)</u>	<u>353</u>	<u>(22,416)</u>
Other financing sources (uses):				
Operating transfers in	914	2,059	1,398	4,371
Operating transfers out	(2,310)	(331)	(57)	(2,698)
Advances from City	—	42	—	42
Advances from other funds	—	2,868	—	2,868
Proceeds from notes payable	—	18,789	—	18,789
Total other financing sources (uses)	<u>(1,396)</u>	<u>23,427</u>	<u>1,341</u>	<u>23,372</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	16	(754)	1,694	956
Fund balances, July 1, 1991	<u>52,093</u>	<u>15,797</u>	<u>12,463</u>	<u>80,353</u>
Fund balances, June 30, 1992	<u>\$ 52,109</u>	<u>15,043</u>	<u>14,157</u>	<u>81,309</u>

Exhibit P
REDEVELOPMENT AGENCY OF THE CITY OF BURBANK
 (A Component Financial Reporting Unit
 of the City of Burbank, California)
 Combining Statement of Revenues, Expenditures and Changes in Fund
 Balances - Budget and Actual - Capital Projects Funds
 June 30, 1992
 (In thousands)

	Golden State Project			City Center Project			West Olive Project			Total		
	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)
Revenues:												
Use of money or property	\$ 14,705	2,542	(12,163)	2,325	491	(1,834)	580	993	413	17,610	4,026	(13,584)
Charges for services	—	154	154	5	102	97	—	1	1	5	257	252
Total revenues	14,705	2,696	(12,009)	2,330	593	(1,737)	580	994	414	17,615	4,283	(13,332)
Expenditures:												
General Government – administrative services	1,227	1,176	51	1,073	855	218	616	549	67	2,916	2,580	336
Capital outlay – general capital improvements	329	108	221	25,131	23,919	1,212	257	92	165	25,717	24,119	1,598
Total expenditures	1,556	1,284	272	26,204	24,774	1,430	873	641	232	26,633	26,699	1,934
Excess of revenues over (under) expenditures	13,149	1,412	(11,737)	(23,874)	(24,181)	(307)	(293)	353	646	(11,018)	(22,416)	(11,398)
Other financing sources (uses):												
Operating transfer in	704	914	210	1,309	2,059	750	—	1,398	1,398	2,013	4,371	2,358
Operating transfer out	(2,310)	(2,310)	—	(331)	(331)	—	(57)	(57)	—	(2,698)	(2,698)	—
Advances from City	—	—	—	42	42	—	—	—	—	42	42	—
Advances from other funds	—	—	—	2,868	2,868	—	—	—	—	2,868	2,868	—
Proceeds from notes payable	—	—	—	18,789	18,789	—	—	—	—	18,789	18,789	—
Total other financing sources (uses)	(1,606)	(1,396)	210	22,677	23,427	750	(57)	1,341	1,398	21,014	23,272	2,258
Excess of revenues over (under) expenditures and other financing sources (uses)	11,543	16	(11,527)	(1,197)	(754)	443	(350)	1,694	2,044	9,996	956	(9,040)
Fund balances, July 1, 1991	52,093	52,093	—	15,797	15,797	—	12,463	12,463	—	80,353	80,353	—
Fund balances, June 30, 1992	\$ 63,636	52,109	(11,527)	14,600	15,043	443	12,113	14,157	2,044	90,349	81,309	(9,040)



Peat Marwick

Certified Public Accountants

725 South Figueroa Street
Los Angeles, CA 90017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

The Honorable Chairman and
Board of Directors of the Redevelopment
Agency of the City of Burbank:

We have audited the component unit financial statements of the Redevelopment Agency of the City of Burbank (Agency) as of and for the year ended June 30, 1992 and have issued our report thereon, dated October 23, 1992. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

In connection with the audit, we performed the procedures contained in the publication entitled Guidelines for Compliance Audits of California Redevelopment Agencies as promulgated by the Controller of the State of California in connection with a review of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency, as required by Section 33080.1(a) of the Health and Safety Code of the State of California. The procedures we performed would not necessarily disclose instances of noncompliance because they were based on selective tests of accounting records and related data.

During the performance of the aforementioned procedures, nothing came to our attention that would lead us to believe that the Agency did not comply with applicable laws, regulations and administrative requirements governing its activities.

This report is to be used solely for filings with appropriate regulatory agencies and is not intended for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

KPMG Peat Marwick

October 23, 1992



Member Firm of
Kynard Peat Marwick Goerdeler

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APPENDIX B

GENERAL INFORMATION CONCERNING THE CITY OF BURBANK

The following information relating to the City is presented for informational purposes only. The Series A Bonds are payable solely from the Tax Revenues and the other funds specified in the Indenture and are not secured by a pledge of the faith and credit or the taxing power of the City.

General

The City of Burbank, California, is located in the greater metropolitan Los Angeles area approximately 12 miles northeast of the Los Angeles Civic Center complex. The economy represents a diverse blend of industrial, commercial, and residential development. The City is a mature community that experienced no population growth in the late 1970's but has experienced modest population growth in the 1980's.

Municipal Government

The City was incorporated as a general law city on July 8, 1911, and adopted its city charter on January 13, 1927. The City is administered by a Council-Manager form of government. The five City Council members of whom one serves as Mayor, are elected at large for four-year terms. Elections are staggered at two-year intervals.

The City operates 14 parks, a golf course and three libraries.

As of June 30, 1992, City employment totaled approximately 1,300 employees. Four associations represent the City's employees: the Burbank City Employees' Association, representing about 736 employees; the Burbank Firefighters Local, representing about 116 employees; the Burbank Police Officers' Association, representing about 129 employees; and the International Brotherhood of Electric Workers Local 18, representing about 140 employees. In addition, there are approximately 164 management employees. All of the associations are subject to the Meyers-Millias-Brown Act, which requires each association to meet with the city and confer in an effort to develop a "memorandum of understanding." Negotiations on each memorandum are conducted upon the June 30th expiration of the applicable memorandum. Multi-year memoranda of understanding are currently in effect with respect to each of the four associations representing City employees. Expiration dates on these memoranda are as follows: Burbank City Employees' Association - June 30, 1993; Burbank Firefighters Local 778 - June 30, 1993; Burbank Police Officers' Association - June 30, 1993; and International Brotherhood of Electric Workers Local 18 - June 30, 1993.

Population

The following table summarizes State Department of Finance estimates of population for the fiscal years ending June 30, 1983 through June 30, 1992. The City anticipates that further population increases will be dependent upon replacement of older single family residential units by higher density multiple unit housing developments.

CITY OF BURBANK POPULATION

<u>Year Ending June 30</u>	<u>Population</u>
1983	87,191
1994	87,494
1985	87,494
1986	88,802
1987	90,971
1988	93,462
1989	93,837
1990	95,256
1991	95,382
1992	95,487

Source: State Department of Finance.

Industry and Employment

The following table lists the City's major employers as of June 30, 1992. Most of these firms are also among the City's principal taxpayers.

CITY OF BURBANK MAJOR EMPLOYERS

<u>Company</u>	<u>Employment</u>	<u>Products/Service</u>
MANUFACTURING:		
The 1928 Jewelry Company	1,030	Jewelry Manufacturing
Lockheed Advanced Development	800	Aircraft Research and Design
Altium - An IBM Company	647	Computer Software
Hydro-Aire, Division of Crane Company	571	Aircraft components
NON-MANUFACTURING:		
Warner Bros., Inc.	4,053	Motion picture producers
St. Joseph Medical Center	2,500	Hospital
Walt Disney Productions	2,462	Motion picture producers
The Burbank Studios	1,529	Motion picture producers
National Broadcasting Co.	1,377	Television and radio
City of Burbank	1,300	Government
Sony Entertainment	926	Motion picture producers

Source: City of Burbank, Management Services Department.

Manufacturing employment is heavily concentrated in the aerospace industry. These firms are located within close proximity to Burbank-Glendale-Pasadena Airport. The Airport is served by ten scheduled airlines: Alaska Airlines, Alpha Air, American Airlines, Delta Airlines, America West, Trans World Airlines, United Airlines, Skywest Airlines, States West and United Express.

The entertainment industry accounts for the greatest concentration of non-manufacturing industrial employment. Production facilities of The Burbank Studios, National Broadcasting Company, Walt Disney Productions and Columbia Pictures (Sony Entertainment) place Burbank in a leading role in the Southern California entertainment industry.

As reported by the Community Development Department/Planning Division (January 1993), the distribution of employment in the greater Burbank labor market is as shown on the following table:

**CITY OF BURBANK
DISTRIBUTION OF EMPLOYMENT**

<u>Classification</u>	<u>Employment</u>	<u>Distribution</u>
Durable and non-durable goods manufacturing	10,773	12.3%
Wholesale and retail trade	13,155	15.1
Services	51,789	59.4
Other	<u>11,536</u>	<u>13.2</u>
Total:	<u>87,253</u>	<u>100.0%</u>

Source: The Community Development Department/Planning Division (January 1993).

Taxable Sales

The table below shows the history of taxable transactions for the City for the years 1988 through 1992:

**CITY OF BURBANK
TAXABLE SALES
(Dollars in Thousands)**

<u>Type of Business</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Retail Stores:					
Apparel	\$ 13,150	\$ 13,282	\$ 19,109	\$ 20,513	\$ 27,296
General Merchandise	135,871	137,230	147,412	148,656	158,570
Drug	19,963	20,163	22,163	23,923	26,321
Food	55,918	56,477	60,835	66,850	76,134
Package Liquors	6,681	6,748	5,296	5,143	5,116
Eating and Drinking Places	108,723	109,810	120,363	123,422	116,944
Home Furnishings and Appliances	21,026	21,236	40,466	86,520	87,247
Building Materials and Farm Implements	68,880	69,569	60,794	52,937	49,017
Auto Dealers and Suppliers	80,787	81,595	40,541	27,143	18,249
Service Stations	50,534	51,039	61,610	59,259	69,132
Other Retail Stores:	<u>116,389</u>	<u>117,553</u>	<u>131,211</u>	<u>125,709</u>	<u>145,162</u>
Retail Stores Total	\$ 677,922	\$ 684,702	\$ 709,800	\$ 740,075	\$ 779,188
All Other Outlets	<u>559,981</u>	<u>565,581</u>	<u>553,265</u>	<u>428,152</u>	<u>636,896</u>
Total All Outlets	<u>\$1,237,903</u>	<u>\$1,250,283</u>	<u>\$1,263,065</u>	<u>\$1,168,227</u>	<u>\$1,416,084</u>

Source: City of Burbank, Management Services Department.

Construction Activity

The number of building permits issued by the City and the corresponding estimated construction valuations for the past ten years is set forth below.

CITY OF BURBANK VALUE OF BUILDING PERMITS

<u>Fiscal Year</u>	<u>Number of Permits</u>	<u>Value</u>
1982-83	1,465	\$ 38,327,000
1983-84	1,815	114,097,000
1984-85	1,768	123,154,000
1985-86	2,016	135,445,000
1986-87	2,298	193,737,000
1987-88	2,500	240,481,000
1988-89	2,551	260,141,000
1989-90	2,212	221,374,000
1990-91	2,326	117,980,000
1991-92	2,105	96,229,000

Source: The City.

Income

Effective buying income of the County residents totaled \$140,892,315 during 1991, an increase of 19% since 1986. The following table sets forth a comparable record of effective buying income over the five-year period from 1986 through 1991.

EFFECTIVE BUYING INCOME (in thousands)

<u>Year</u>	<u>City of Burbank</u>	<u>County of Los Angeles</u>	<u>State of California</u>	<u>United States</u>
1986	\$1,444,824	\$114,134,025	\$380,811.129	\$2,981,920,801
1987	1,610,384	130,015,864	426,008,347	3,202,847,131
1988	1,583,439	129,522,222	426,174,001	3,064,005,997
1989	1,644,757	135,162,824	444,988,647	3,287,489,252
1990	1,797,815	138,244,091	477,784,771	3,499,365,237
1991	1,759,400	140,892,315	490,749,649	3,728,967,043

Source: Sales & Marketing Management Magazine "Survey of Buying Power".

Utilities

The City of Burbank provides its own municipal electric, water and sewer utilities. Southern California Gas Company and Pacific Telephone Company also serve the residents of the City.

Fiscal Operation

The City uses the modified accrual basis of accounting for all funds except proprietary funds which use the accrual basis of accounting. The City's financial statements are prepared in conformity with generally accepted accounting principles. Copies of the City's financial statements are on file in the City's Finance Department.

The City adopts an annual budget and utilizes an "encumbrance system." Under this procedure, commitments such as purchase orders and contracts at year end are recorded as restrictions of fund balance through a reserve account. Generally, City staff begins preparation of the budget in February of the prior fiscal year and the City Council adopts the budget in June of the prior fiscal year after holding public hearings. The 1992-93 fiscal year budget was adopted on June 23, 1992.

General Obligations and Revenue Bond Indebtedness

As of June 30, 1992 the City had no outstanding General Obligation Bonds, \$11,170,000 of 1987 Series A Wastewater Treatment Revenue Bonds, \$6,025,000 of Special Assessment Bonds, \$25,760,000 of Public Service Department Revenue Bonds and \$3,610,000 of Waste Disposal Revenue Bonds. The Agency had \$62,475,000 of outstanding Tax Allocation Bonds.

The City's statement of direct and overlapping debt as of June 30, 1992 is presented in the following table along with certain debt ratios.

CITY OF BURBANK
STATEMENT OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 1992
(Dollars in Thousands)

	<u>Gross Bonded Outstanding Debt</u>	<u>Exclusions</u> ⁽¹⁾	<u>Net Bonded Outstanding Debt</u>
DIRECT DEBT:			
Tax Allocation Bonds (Redevelopment Agency)	\$ 62,475	\$ —	\$62,475
Enterprise Revenue Bonds	40,540	40,540	—
Special Assessment Improvement Bonds 83-1	<u>6,025</u>	<u>—</u>	<u>6,025</u>
Total Direct Debt:	\$109,040	\$40,540	\$68,500
GROSS OVERLAPPING DEBT:			
Los Angeles County (87,600 x 1.386%) ⁽²⁾	\$ 1,241	—	\$ 1,241
Los Angeles County Flood Control District (\$153,003 x 1.358%) ⁽²⁾	2,121	—	2,121
Metropolitan Water District (\$716,460 at 0.769%) ⁽²⁾	<u>5,667</u>	<u>—</u>	<u>5,667</u>
Total Gross Overlapping Debt:	\$ 9,029	\$ —	\$ 9,029
NET DIRECT AND OVERLAPPING DEBT:	<u>\$118,069</u>	<u>\$40,540</u>	<u>\$77,529</u>

(1) Exclusions represent all bonds which are not General Obligation Bonds of the City or General Obligation Bonds issued for water utility purposes, payable from the Water and Electric Utility Fund revenues.

(2) As of December 31, 1991, computed from the Statement of Bonded Indebtedness Supplemental Report of the Board of Supervisors, County of Los Angeles. These amounts represent total Agency's indebtedness computed by the percentages applicable to the City of Burbank.

Source: City of Burbank, Management Services Department.

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APPENDIX C
PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL HILL & WHITE]

[Closing Date]

Redevelopment Agency of the
City of Burbank, California
275 East Olive Avenue
Burbank, California 91502

OPINION: \$23,945,000 Redevelopment Agency of the City of Burbank, California, City Centre
Redevelopment Project, Tax Allocation Bonds, 1993 Series A

Members of the Agency:

We have acted as bond counsel in connection with the issuance by the Redevelopment Agency of the City of Burbank, California (the "Agency"), of \$23,945,000 Redevelopment Agency of the City of Burbank, California, City Centre Redevelopment Project, Tax Allocation Bonds, 1993 Series A, dated June 1, 1993 (the "Bonds"), pursuant to the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto (the "Law"), and an Indenture of Trust, dated as of March 1, 1990, between the Agency and Bank of America National Trust and Savings Association, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental of Trust, dated as of May 1, 1993, by and between the Agency and the Trustee (collectively, the "Indenture"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is duly created and validly existing as a public body, corporate and politic, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable upon the Agency.
3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with other bonds (if any) issued or to be issued under the Indenture, subject to no prior lien granted under the Law.
4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Indenture and the Escrow Agreement. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof. Capitalized terms used in this summary which are not otherwise defined below or elsewhere in this Official Statement have the respective meanings given such terms in the Indenture and the Escrow Agreement.

DEFINITIONS

The following terms shall have the following meanings in the Indenture and in this summary:

"Annual Debt Service" means the sums obtained for any Bond Year after the computation is made, by totaling the following for each such Bond Year:

(a) The principal amount of all Outstanding serial Bonds and Outstanding serial Parity Bonds, if any, payable in such Bond Year; and

(b) The amount of Mandatory Sinking Fund Payments, if any, for any Outstanding Term Bonds or Outstanding Term Parity Bonds to be made in such Bond Year in accordance with the applicable schedule or schedules of Mandatory Sinking Fund Payments; and/or

The interest which would be due during such Bond Year on the aggregate principal amount of Bonds and Parity Bonds which would be outstanding in such Bond Year, if the Bonds and Parity Bonds Outstanding on the date of such computation were to mature or be redeemed in accordance with the maturity schedule or schedules for the serial Bonds and serial Parity Bonds and the schedules of Mandatory Sinking Fund Payments for any Term Bonds or Term Parity Bonds. At the time and for the purpose of making such computation, the amount of Term Bonds and Term Parity Bonds already retired in advance of the above mentioned schedules shall be deducted pro rata from the remaining amounts thereon.

"Authorized Representative" means the Executive Director of the Agency or such other person designated in writing by the Chairman of the Agency.

"Bond Insurer" means Capital Guaranty Insurance Company, a Maryland Corporation, as issuer of the Insurance Policy, and its successors and assigns.

"Bondowner" or "Owner of Bonds", or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative. For the purpose of Bondowners' voting rights or consents, Bonds owned by or held for the account of the Agency, or the City, directly or indirectly, shall not be counted.

"Bond" or "Bonds" means the 1990 Series A Bonds, and, to the extent required by any supplemental indenture, any Parity Bonds authorized by, and at any time Outstanding pursuant to, the Indenture and such supplemental indenture.

"Bond Year" means the year beginning December 2 and ending on the next following December 1 during the time any Bonds are outstanding.

"Business Day" means any day other than a Saturday, Sunday, legal holiday or other day on which banking institutions in Los Angeles, California, or in the city in which the principal office of the Trustee is located are authorized or required by law to close or on which the New York Stock Exchange is closed.

"Closing Date" means the date upon which there is a physical delivery of the 1993 Series A Bonds in exchange for the amount representing the purchase price of the 1993 Series A Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture or the First Supplemental Indenture) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"Costs of Issuance" means the costs and expenses incurred in connection with the issuance and sale of the Bonds, including the Insurance Policy premium, rating fees, the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Official Statement, fees of financial consultants and other fees and expenses set forth in a Certificate of the Executive Director.

"Escrow Agreement" means the Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the Agency and the Escrow Bank, with respect to the establishment and administration of the Escrow Fund for the purpose of providing for the payment of the 1990 Series A Bonds to be refunded.

"Escrow Bank" means Bank of America National Trust and Savings Association, a national banking association organized and existing under and pursuant to the laws of the United States of America.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Bank pursuant to the Escrow Agreement.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for trust funds held by the Trustee:

(a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and

(b) direct general obligations of any agency, department or instrumentality of the United States of America the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America.

"First Supplemental Indenture" means that certain indenture, supplemental to the Indenture, , dated as of May 1, 1993, by and between the Trustee and the Agency.

"Fiscal Year" means the year beginning July 1st and ending on the next following June 30th.

"Haagen-Burbank Project" means the mixed-use project developed in accordance with the Disposition and Development Agreement between the Agency and the Haagen-Burbank Partnership, a California general partnership, dated September 26, 1989.

"Indenture" means that certain Indenture of Trust, dated as of March 1, 1990, by and between the Agency and the Trustee, as amended and supplemented.

"Insurance Policy" means, with respect to the 1990 Series A Bonds, the Financial Guaranty Bond issued by the Bond Insurer for the 1990 Series A Bonds and, with respect to the 1993 Series A Bonds, the Financial Guaranty Bond issued by the Bond Insurer for the 1993 Series A Bonds.

"Interest Payment Date" means, with respect to the 1993 Series A Bonds, June 1 and December 1 in each year, beginning December 1, 1993, and continuing so long as any 1993 Series A Bonds remain Outstanding.

"Mandatory Sinking Fund Payment" means the amount of money to be deposited into the Principal Account to be used to redeem Term Bonds or term Parity Bonds, at the principal amounts thereof, in the amounts and at the times set forth in the schedules of Mandatory Sinking Fund Payments contained in the Indenture or in a supplemental indenture adopted for the purposes of establishing said schedule or in any Indenture providing for the issuance of Parity Bonds.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year.

"1990 Series A Bonds" means the Agency's \$14,235,000 aggregate principal amount of City Centre Redevelopment Project Tax Allocation Bonds, 1990 Series A, \$11,085,000 of which will be refunded by the issuance of the 1993 Series A Bonds.

"1993 Series A Bonds" means the Bonds authorized by the First Supplemental Indenture.

"1993 Series A Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to the First Supplemental Indenture.

"Outstanding" or *"outstanding"* when used as of any particular time with reference to the Bonds, means all Bonds, except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture or any supplemental indenture.

"Opinion or Counsel" means a written opinion of an attorney or firm of attorneys of favorable national reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to factual matters, information which is in the possession of the Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous.

"Parity Bonds" means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Agency as permitted by the Indenture which are on a parity with the Bonds.

"Permitted Investments" shall mean any of the following of an appropriate maturity:

(a) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof hereinafter designated when such obligations are backed by the full faith and credit of the United States of America, limited to the following:

- (i) direct or fully guaranteed U.S. Treasury Obligations;
 - (ii) certificates of beneficial ownership of the Farmers Home Administration;
 - (iii) participation certificates of the General Services Administration;
 - (iv) guaranteed Title XI financing of the U.S. Maritime Administration;
 - (v) guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration;
 - (vi) Government National Mortgage Association (GNMA) GNMA-guaranteed mortgage backed securities GNMA-guaranteed participation certificates;
 - (vii) local authority bonds of the U.S. Department of Housing and Urban Development;
 - (viii) guaranteed transit bonds of the Washington Metropolitan Area Transit Authority;
- (b) Obligations of instrumentalities or agencies of the United States of America, specifically limited to:
- (i) participation certificates and debt obligations of the Federal Home Loan Mortgage Corporation (FHLMC);

(ii) consolidated debt obligations and letter of credit (LOC) backed issues of the Federal Home Loan Banks (FHL Banks);

(iii) debt obligations and mortgage backed securities (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal) of the Federal National Mortgage Association (FNMA);

(c) debentures of the Federal Housing Administration;

(d) commercial paper, payable in the United States of America, having original maturities of not more than 92 days and which are rated in the highest rating category by Standard & Poor's Corporation;

(e) interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or national banking associations, the deposits of which are insured by the Bank Insurance Fund (BIF) of the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (SAIF) or any successors thereto. These deposits (a) must be continuously and fully insured by BIF or SAIF or (b) must have maturities of less than 366 days and be deposited with banks the short term obligations of which are rated "A-1+" by Standard & Poor's Corporation; and

(f) Money market mutual funds or portfolios investing in short-term United States Treasury securities rated AAA by Standard & Poor's Corporation.

"Record Date" means the fifteenth day of the month preceding any interest payment date, whether or not such day is a Business Day.

"Redevelopment Plan" means the "Redevelopment Plan for City Centre Redevelopment Project," approved and adopted by the City by Ordinance No. 2315, and includes any amendment thereof heretofore or hereafter made pursuant to the Law.

"Redevelopment Project" means the City Centre Redevelopment Project.

"Regulations" means regulations adopted by the Department of Treasury from time to time.

"Tax Revenues" means that portion of taxes levied upon taxable property in the Redevelopment Project Area and received by the Agency on or after the date of the adoption of the Ordinance approving the redevelopment plan of the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California plus State reimbursed amounts, to the extent actually received, all as set forth in the Indenture.

THE INDENTURE

Funds and Accounts

Redevelopment Fund The Redevelopment Fund, created under the Indenture, will be held by the Agency. Bond proceeds will be deposited in the Redevelopment Fund after the Trustee makes required deposits to the Reserve Account and Interest Account of the Debt Service Fund. Moneys in the Redevelopment Fund may be used for any redevelopment purpose, including paying Costs of Issuance. If any sum remains in the Redevelopment Fund after the full accomplishment of the objectives and purposes for which the Bonds were issued, said sum shall be transferred to the Principal Account of the Debt Service Fund of the Agency. Disposition of Redevelopment Fund moneys may be further specified by resolution or other official action of the Agency.

Special Fund The Special Fund, a special trust fund created under the Indenture, will be held by the Agency. Pledged Tax Revenues received by the Agency will be deposited into the Special Fund and irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds until all of the Bonds and interest thereon have been paid; provided, however, that Pledged Tax Revenues will be released from the lien of the Indenture in any Bond Year and expended for other Redevelopment purposes, if (a) 100% of Annual Debt Service has been set aside in the Debt Service Fund, (b) the Agency is not in default under the Indenture and (c) the Reserve Account is equal to

the Reserve Requirement. The Indenture requires the Agency to transfer Pledged Tax Revenues to the Trustee from the Special Fund not later than five Business Days prior to June 1 or December 1 of each Bond Year an amount sufficient to pay principal and interest, when due, and, if necessary, to replenish any deficiency that may exist in any of the Accounts of the Debt Service Fund.

Debt Service Fund The Debt Service Fund, a special trust fund created under the Indenture, will be held by the Trustee. The Trustee will create in this Debt Service Fund an Interest Account, Principal Account Reserve Account and Redemption Account. The Pledged Tax Revenues transferred by the Agency to the Trustee for deposit into the Debt Service Fund and used in the following priority:

(a) *Interest Account.* The interest on the Bonds until maturity shall be paid, when due, by the Trustee from the Interest Account. Deposits shall be made into the Interest Account on or before the fifth Business Day prior to June 1 and December 1 of each Bond Year in an amount which, when combined with moneys already on deposit therein, will be sufficient to pay interest becoming due and payable on the then outstanding Bonds on the next succeeding interest payment date.

(b) *Principal Account.* After the deposit has been made pursuant to subparagraph (a) above, the Trustee will deposit into the Principal Account not later than the fifth Business Day prior to December 1 of each Bond Year an amount which, when combined with moneys already on deposit therein, will be sufficient to pay the principal coming due on the then outstanding Bonds, including Mandatory Sinking Fund Payments, on the next succeeding December 1.

(c) *Reserve Account.* After deposits have been made pursuant to subparagraphs (a) and (b) above, the Trustee will deposit into the Reserve Account an amount which, when combined with moneys already on deposit therein, will be sufficient to meet the Reserve Requirement. Moneys in the Reserve Account shall be transferred to the Interest Account and/or the Principal Account to pay interest on and principal of the Bonds, including Mandatory Sinking Fund Payments, as they become due to the extent Pledged Tax Revenues are insufficient therefor. Any portion of the Reserve Account which is in excess of the Reserve Requirement shall be transferred to the Interest Account, semiannually not later than the fifth Business Day prior to June 1 and December 1 of each Bond Year.

In accordance with the Indenture the Agency may, at any time, elect to maintain the Reserve Requirement by obtaining (i) a letter of credit, (ii) a surety bond, or (iii) a policy of insurance in an amount which will guarantee to the Agency the full amount of the Reserve Requirement at such times as all or any portion of the Reserve Requirement is needed for transfer to the Interest Account and/or the Principal Account as before stated, *provided* that the letter of credit bank is rated in the top two rating categories by Standard & Poor's Corporation and that upon the expiration of the letter of credit, if not extended, the Agency shall obtain a substitute letter of credit, a surety bond or a policy of insurance as hereinafter provided, or shall deposit cash in the Reserve Account, and further provided that the issuer of any surety bond or insurance policy shall be rated in one of the top three rating categories by Moody's Investor's Service, Inc. and Standard & Poor's Corporation. The Agency shall acquire such alternate security and shall direct the Trustee to pay from money in the Reserve Account the letter of credit fees, the cost of a surety bond, or the insurance policy premium, as the case may be. Any money in the Reserve Account after the Agency acquires the alternate security and pays the appropriate costs as herein provided shall be transferred to the Redevelopment Fund.

(d) *Surplus.* If in any Bond Year (a) 100% of Annual Debt Service has been set aside in the Debt Service Fund in such Bond Year, (b) the Agency is not in default under the Indenture, and (c) the Reserve Account is equal to the Reserve Requirement, then all remaining Pledged Tax Revenues attributable to the then current Fiscal Year shall be released from the lien for the Indenture and shall be available to the Agency for any lawful purpose, including the redemption or purchase of Bonds.

In the event that amounts held in the Debt Service Fund are insufficient to provide for all amounts of interest on and principal of the Bonds due on any payment date, such amounts shall be deposited first to the Interest Account and applied *pro rata* to the payment of interest on the Bonds, without priority among them and then remaining amounts shall be deposited in the Principal Account and applied to the payment of principal of the Bonds, *pro rata* and without priority. If after allocation or available Pledged Tax Revenues to the Interest Account and the Principal Account as aforesaid, the amounts so held therein are insufficient to pay the full amount of principal and interest on the Bonds coming due on the next succeeding payment date, the Trustee shall immediately commence to take actions as directed by the Bond Insurer as authorized in the Indenture.

Investment of Funds

If the Trustee receives no written directions from the Agency as to the investment of moneys held in any Fund or Account, the Trustee shall, pending receipt of instructions, invest such moneys in Permitted Investments of the shortest maturities

Moneys in the Redevelopment Fund and Special Fund may be invested in any investment authorized by law for the investment of Agency money, which will by their terms mature not later than the date the Agency estimates the moneys represented by the particular investment will be needed for withdrawal from such Fund.

Moneys in the Interest Account and the Principal Account of the debt service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest payment date and principal payment date there will be in such Accounts, from matured obligations and other moneys already in such Funds, cash equal to the interest and principal payable on the respective payment dates.

Moneys in the Reserve Account shall be invested so that at least one-half of the Reserve Account, if any, shall be invested in Permitted Investments with maturities of less than six months and the remainder shall be invested in Permitted Investments with maturities of not more than five years, unless otherwise approved in writing by the Bond Insurer.

Except as otherwise provided, obligations purchased as an investment of moneys in any of said Funds and Accounts shall be deemed at all times to be a part of such Fund or Account and the interest accruing thereon and any gain realized from such investment shall be credited to such Account and any loss resulting from any such authorized investment shall be charged to such Account without liability to the Agency or the members and officers thereof or to the Trustee. The Agency or the Trustee, as the case may be, shall sell at the best price obtainable or present for redemption any obligation so purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account. An investment constituting a part of any Fund or Account shall be valued at the then market value of such investment or face amount thereof, whichever is lower.

All funds and accounts are to be valued by a mark to market valuation conducted on a quarterly basis by the Trustee. The Trustee shall promptly deliver copies of such quarterly valuations to the Bond Insurer.

Issuance of Parity Bonds

The Agency may provide for the issuance of, and sell, Parity Bonds in such principal amounts as it estimates will be needed for the Redevelopment Project purposes.

The issuance and sale of any Parity Bonds shall be subject to the following conditions precedent:

(a) The Agency shall be in compliance with all covenants in the Indenture.

(b) The Parity Bonds shall be on such terms and conditions as may be set forth in a supplemental indenture, which shall provide for (i) bonds substantially in accordance with the Indenture, (ii) the deposit of a portion of the Parity Bond proceeds into the Reserve Account, or the acquisition of an alternate security in an amount sufficient, together with the balance of the Reserve Account, to equal the Reserve Requirement on all Bonds expected to be outstanding including the outstanding Bonds and Parity Bonds.

(c) Receipt of a certificate of an Authorized Representative of the Agency stating that for the then current and each future Bond Year, current fiscal year Pledged Tax Revenues are at least equal to 1.25 times the Maximum Annual Debt Service on the Bonds and the Parity Bonds. In calculating Pledged Tax Revenues for the purposes of the issuance of Parity Bonds, the Agency may include:

(i) Tax Revenues attributable to Unitary Revenue to be received by the Agency based upon the most recent certified assessed valuation of taxable property in the Project Area received in writing by the Agency from the appropriate officer of the County of Los Angeles;

(ii) additional Pledged Tax Revenues to be received by the Agency due to increases in assessed valuation of taxable property in the Project Area resulting from new construction if the new construction is substantially completed with occupancy levels reasonably reflected in the assessed values of completed construction;

but exclude:

(iii) Pledged Tax Revenues attributable to the assessed valuation of the Haagen-Burbank Project.

(d) Such Parity Bonds shall mature on December 1, and interest thereon shall be payable on June 1 and December 1, subject to such dates being changed by a supplemental resolution of the Agency.

Certain Covenants

As long as the Bonds are Outstanding, the Agency has agreed to perform and abide by the following covenants made under the Indenture for the benefit of the Bondowners:

(a) *Completion of Redevelopment Project; Amendment of Redevelopment Plan.* The Agency will diligently carry out and continue to completion, with all practicable dispatch, the project in accordance with its duty to do so under and in accordance with the Law and the Redevelopment Plan and in a sound and economical manner. The Redevelopment Plan may be amended as provided in the Law but the Agency will not make any such amendment if it will substantially impair the security or tax-exempt status of the Bonds or the rights of the Bondowners.

(b) *Management and Operation of Properties.* The proceeds of the sale of the Bonds will be deposited and used as provided in the Indenture and any supplemental indenture and the Agency will manage and operate all properties owned by it and comprising any part of the Project in a sound and businesslike manner.

(c) *Against Encumbrances.* The Agency will not issue any obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have, or purport to have, any lien upon the Pledged Tax Revenues prior to or on a parity with the lien of the Bonds, except as discussed in the Section "SECURITY FOR THE BONDS—Issuance of Parity Bonds". Notwithstanding the foregoing, nothing in the Indenture will prevent the Agency (i) from issuing and selling pursuant to the Law, refunding obligations payable from and having any lawful lien upon the Pledged Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding any portion of the outstanding Bonds or Parity Bonds, or (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Pledged Tax Revenues which is junior to the Bonds, or (iii) from issuing and selling Bonds or other obligations which are payable in whole or in part from sources other than the Pledged Tax Revenues. "Obligations" includes, without limitation, bonds, notes, interim certificates, debentures, or other obligations.

(d) *Punctual Payment; Extension of Time for Payment.* The Agency will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds issued under the Indenture on the date, at the place, and in the manner provided in the Bonds. The Agency will not, except by agreement with a Bondowner and otherwise in accordance with provisions relating to the amendment of this Indenture, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding such claims for interest or in any other manner.

(e) *Payments of Taxes, Charges and Claims.* The Agency will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments, or other governmental charges which may lawfully be imposed upon the Agency or any of the properties then owned by it in the Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials, and supplies which if unpaid might become a lien or charge upon any of said properties, revenues, or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest thereon, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity thereof.

(f) *Books and Accounts; Financial Statements.* The Agency will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate

entries will be made of all transactions relating to the Project Area and the Pledged Tax Revenues and other funds relating to said Project, and will prepare within one hundred twenty (120) days after the close of each of its Fiscal Years a complete financial statement or statements for such year in reasonable detail covering the Project and the Pledged Tax Revenues and other funds, accompanied by an opinion of an independent certified public accountant appointed by the Agency, and will furnish a copy of such statement or statements to the Trustee, and any rating agency which maintains a rating on the Bonds, and upon written request, to any Bondowner.

(g) *Eminent Domain.* If all or any part of the Project Area should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the Agency will use its best efforts to have the base assessment roll reduced by the amount of the assessment of said property as shown on said base assessment roll.

(h) *Disposition of Property.* The Agency will not dispose of more than ten percent (10%) of the land area in the Project Area (except property shown in the Redevelopment Plan in effect on the date the Indenture is adopted as planned for public use, or property to be used for public streets, public off-street parking, sewage facilities, parks, easements, or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in the Pledged Tax Revenues to be received in the then current and each future Bond Year being less than 1.25 times the maximum Annual Debt Service on the Bonds and any Parity Bonds.

(i) *Statement of Indebtedness.* The Agency agrees to file annually with the County Auditor a statement of indebtedness as provided in section 33675 of the Law.

(j) *Further Assurances.* The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Bondowners of the rights and benefits provided in the Indenture.

(k) *Tax Covenants.*

No Arbitrage. The Agency shall not take, nor permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 1993 Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the 1993 Series A Bonds to be "arbitrage 1993 Series A Bonds" within the meaning of section 148 of the Tax Code.

Rebate Requirement. The Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Private Activity 1993 Series A Bond Limitation. The Agency shall assure that proceeds of the 1993 Series A Bonds are not so used as to cause the 1993 Series A Bonds to satisfy the private business tests of section 141(b) of the Tax Code.

Private Loan Financing Limitation. The Agency shall assure that proceeds of the 1993 Series A Bonds are not so used as to cause the 1993 Series A Bonds to satisfy the private loan financing test of section 141(c) of the Tax Code.

Federal Guarantee Prohibition. The Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 1993 Series A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

Maintenance of Tax-Exemption. The Authority shall take all actions necessary to assure the exclusion of interest on the 1993 Series A Bonds from the gross income of the Owners of the 1993 Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(1) Limitations on Additional Indebtedness. The Agency covenants that, so long as the Bonds are Outstanding, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case secured by a lien on all or any part of the Pledged Tax Revenues which is superior to or on a parity with the lien established hereunder for the security of the Bonds, excepting only Parity Bonds.

The Agency covenants that, so long as the Bonds are Outstanding, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case secured by a lien on all or any part of the Pledged Tax Revenues, which has the result of reducing the ratio of Pledged Tax Revenues to Maximum Annual Debt Service below 1.25 to 1.

The Agency covenants that, so long as the Bonds are Outstanding, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case secured by a lien on all or any part of the Pledged Tax Revenues, unless (i) such bonds, notes, obligations, agreements or indebtedness are secured by a fixed percentage pledge of Pledged Tax Revenues or (ii) are subordinate to the lien on Pledged Tax Revenues securing the Bonds.

Taxation of Leased Property

Whenever any property in the Project Area has been redeveloped and thereafter is leased by the Agency to any person or persons (other than a public agency) or whenever the Agency leases real property in the Project Area to any person or persons (other than a public agency) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by the Law, and the lease or contract shall provide (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (b) that if for any reason the taxes levied on such property in any year during the term of the lease or contract are less than the taxes which would have been levied if the entire property had been assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable to the taxing agencies and in no event later than the delinquency date of such taxes established by law. All such payments shall be treated as Tax Revenues, and when received by the Agency shall be deposited in the Special Fund.

The Trustee

In general, the Trustee's duties are those duties described in the Indenture including the duty to administer the Funds and Accounts created under the Indenture for the benefit of the Owners of the Bonds, to act as registrar of the Bonds and to pay to the Owners amounts received by the Trustee for payment of the principal of, interest and redemption premium, if any, on the Bonds. Except during the occurrence of an Event of Default, the Trustee undertakes to perform only those duties specifically set forth in the Indenture and is liable only for its own gross negligence or willful default in performing those duties. In case an Event of Default (as described in the section "Events of Default and Remedies of Bondowners") has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by the Indenture, and will use the same degree of care in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Agency may, so long as the Agency shall not be in default, remove the Trustee initially appointed, or any successor. In addition, the Bond Insurer may request the Agency to remove the Trustee, and the Agency shall be required to remove the Trustee, upon a reasonable showing by the Bond Insurer of malfeasance or breach by the Trustee of the trusts created by the Indenture. Upon the removal of the Trustee, the Agency shall forthwith appoint a successor thereto, but any successor shall be a commercial bank or trust company, doing business and having an office in the City of San Francisco or the City of Los Angeles having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. The Trustee may resign at any time by giving written notice to the Agency and by giving the Owners notice by publication in a financial newspaper. Upon receiving notice of such resignation, the Agency will forthwith appoint a successor Trustee, and the resignation shall become effective upon assumption of the duties of the Trustee and acceptance of its appointment.

The Agency will pay the Trustee for its services. Further, the Agency shall pay or reimburse the Trustee upon its request for all reasonable expenses of the Trustee including the reasonable compensation and expenses of its counsel. The Trustee shall not employ counsel whose fees and expenses the Trustee anticipates will be paid or

reimbursed by the Agency unless it first gives written notice of the employment of such counsel to the Agency. In addition, the Agency has agreed under the Indenture to indemnify and save the Trustee harmless against liabilities which the Trustee may incur in the performance of its duties which are not due to its own negligence or willful misconduct, or breach of the trusts created in the Indenture.

Events of Default and Remedies of Bondowners

Each of the following shall constitute an event of default:

(1) Default by the Agency in the due and punctual payment of any installment or interest on any Bond or any Parity Bond when and as such interest installment shall become due and payable;

(2) Default by the Agency in the due and punctual payment of the principal of any Bond or any Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration, or otherwise;

(3) default made by the Agency in the observance of any of the covenants, the agreements or conditions contained in the Indenture, in the Bonds or the Parity Bonds, and such default shall have continued for a period of thirty (30) days following written notice to the Agency; or

(4) Default by the Bond Insurer in the payment of any Bond which is Due for Payment; or

(5) The Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

In each and every event of default described in (1), (2) or (4) above, the Trustee shall, if so directed by owners of not less than a majority of the Bonds and Parity Bonds outstanding, and in each and every case of default described in (3) or (5) above, the Trustee may, with the prior written consent of the Bond Insurer, and shall if so directed by the written direction of the Bond Insurer to the Trustee and the Agency, declare the principal of all of the Bonds and Parity Bonds then outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds and Parity Bonds to the contrary notwithstanding.

Such declaration may be rescinded by written direction of the Bond Insurer (except as to any default under (4) above) and the owners of not less than a majority of the Bonds and Parity Bonds then outstanding provided the Agency (or the Bond Insurer, as to any default under (4) above) cures such default or defaults, including the deposit, with the Trustee of a sum sufficient to pay all principal on the Bonds and Parity Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds and Parity Bonds then outstanding, with interest at the rate of twelve percent (12%) per annum on such overdue installments of principal and, to the extent such payment of interest on interest is lawful at that time, on such overdue installments of interest, so that the Agency (or the Bond Insurer, as to any default under (4) above) is currently in compliance with all payment, deposit, and transfer provisions of the Indenture, and an amount sufficient to pay any expenses incurred by the Trustee in connection with such default.

All of the Pledged Tax Revenues and all sums in the Funds and Accounts provided for in the Indenture upon the date of the declaration of acceleration, and all sums thereafter received by the Trustee shall be applied by the Trustee in the order following upon presentation and surrender of the Bonds and any Parity Bonds.

First, to the payment of (i) the costs and expenses of the Trustee and (ii) the costs and expenses of the Bond Insurer, the Bondowners or Parity Bond owners in declaring such event of default, including reasonable compensation to its or their agents, attorneys, and counsel;

Second, in case the principal of the Bonds and any Parity Bonds shall not have become due and shall not then be due and payable, to the payment of the interest in default in the order of the maturity of the installments of

such interest, with interest on the overdue installments at the rate of twelve percent (12%) per annum on the Bonds and any Parity Bonds (to the extent that such interest on overdue installments shall have been collected), such payments to be made ratably to the persons entitled thereto without discrimination or preference;

Third, in case the principal of the Bonds and any Parity Bonds shall have become and shall be then due and payable, to the payment of the whole amount then owing and unpaid upon the Bonds and any Parity Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum on the Bonds and any Parity Bonds (to the extent that such interest on overdue installments of interest shall have been collected), and, in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds and any Parity Bonds, then to the payment of such principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

The Bond Insurer, any Bondowner or Parity Bond owner shall have the right, for the equal benefit and protection of all Bondowners similarly situated --

(1) by mandamus, suit, action, or proceeding to compel the Agency and its members, officers, agents, or employees to perform each and every term, provision, and covenant contained in the Indenture and in the Bonds and any Parity Bonds, and to require the carrying out of any or all such covenants and agreements of the Agency and the fulfillment of all duties imposed upon it by the Law;

(2) by suit, action, or proceeding in equity to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners' rights or owners of Parity Bonds; or

(3) upon the happening of any event of default, by suit, action, or proceeding in any court of competent jurisdiction, to require the Agency and its members and employees to account as if it and they were the trustees of an express trust.

Refunding Bonds

All or a portion of the Bonds may be redeemed or paid prior to maturity from proceeds of refunding bonds or notes issued pursuant to the Law.

Amendment of the Indenture

The Indenture, and the rights and obligations of the Agency and of the Owners of the Bonds issued thereunder, may be modified or amended at any time by a supplemental or amendatory resolution executed and delivered by the Agency and the Trustee: (a) without the consent of Bondowners, but with prior written notice to the Bond Insurer, if such modification or amendment is for the purpose of adding covenants and agreements to further secure Bond payment, to prescribe further limitations and restrictions on Bond issuance, to surrender rights or privileges of the Agency, to make modifications not affecting any outstanding series of Bonds for the purpose of curing any ambiguities, defects, or inconsistent provisions in the Indenture or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary and desirable to accomplish the same; provided that such modifications or amendments do not adversely affect the rights of the Owners of the Bonds; or (b) for any other purpose with the prior written consent of the Bond Insurer and Bondowners owning sixty percent (60%) in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the Agency or the City, and obtained as hereinafter set forth; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, change the monetary medium in which principal and interest is payable, or create a mortgage, pledge, or lien upon the revenues superior to or on a parity with the pledge and lien created for the Bonds and any Parity Bonds or reduce the percentage of consent required for amendment or modification.

Any act done pursuant to a modification or amendment so consented to all be binding upon the Owners of all of the Bonds and shall not be deemed an infringement of any of the provisions of the Indenture or of the Law, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of the Indenture, and after such consent relating to such specified matters has been given, no

Bondowner or Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Agency or any officer thereof from taking any action pursuant thereto.

Defeasance

If the Agency shall pay or cause to be paid, or shall have made provision to pay (other, in each case, than with the proceeds of the Insurance Policy) upon maturity or upon redemption prior to maturity, to the owners of the Bonds, the principal of, premium, if any, and interest to become due thereon, through setting aside trust funds or setting apart in a reserve fund or special trust or escrow account created pursuant to the Indenture or otherwise, or through the irrevocable segregation for that purpose in a trust or escrow account with a Trustee meeting the qualifications set forth in the Indenture for successor trustees, an escrow deposit of investments sufficient therefor, without consideration of reinvestment earnings thereon, then the lien of the Indenture, including, without limitation, the pledge of the Pledged Tax Revenues, and all other rights granted thereby, shall thereupon cease, terminate, and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Bonds shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in the Indenture shall require the deposit of more than such Federal Securities as may be sufficient, taking into account both the principal amount of such Federal Securities and the interest to become due thereon, to implement any refunding of the Bonds.

In the event of such a defeasance of the Bonds, the Trustee shall cause an accounting for such period or periods as shall be requested by the Agency to be prepared and filed with the Agency, and the Trustee, upon the request of the Agency, shall release the rights of the Bondowners under the Indenture and execute and deliver to the Agency all such instruments as may be desirable to evidence such release, discharge, and satisfaction, and the Trustee shall pay over or deliver to the Agency all moneys or securities held by it pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Provision shall be made by the Agency, satisfactory to the Trustee, for the mailing of a notice to the Owners of such bonds that such moneys are so available for such payment.

The Agency shall give written notice to the Bond Insurer of the defeasance of the Bonds, and shall provide the Bond Insurer with draft copies of the proposed escrow agreement, certified public accountant's certificate stating that the escrow is sufficient to meet the standards of this section ("CPA Certification"), the preliminary official statement relating to refunding bonds issued to defease the Bonds (if applicable) and bond counsel opinion relating to such Bonds not less than five (5) Business Days prior to the scheduled defeasance.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of the investments referred to in this Section. Substitutions of securities in the escrow shall not be permitted, except with the written consent of the Bond Insurer. The deposit in the escrow shall be sufficient, without reinvestment, to pay all principal and interest as scheduled on the Bonds to and including the date of redemption.

A copy of the escrow agreement and CPA Certification together with the final official statement for the refunding issue (if applicable), bond counsel opinion, trustee's receipt for the proceeds of refunding bonds (if applicable), the trustee's certification as to the application of proceeds of the refunding bonds shall be furnished to the Bond Insurer no later than ten (10) Business Days subsequent to the defeasance.

The escrow investments for the defeasance of the Bonds shall consist solely of one or more of the following:

- (a) cash;
- (b) State and Local Government Series securities issued by the United States Treasury ("SLGS");
- (c) United States Treasury bills, notes and bonds, as traded on the open market; and
- (d) Zero Coupon United States Treasury Bonds.

THE ESCROW AGREEMENT

Pursuant to the Escrow Agreement, a portion of the proceeds of the 1993 Series A Bonds deposited in the Escrow Fund will be applied by the Escrow Bank, together with other amounts, to the purchase of United States Treasury Securities-State and Local Government Series, or other obligations for which the full faith and credit of the United States of America is pledged for the payment of principal and interest. The Escrow Bank will apply the maturing principal of such securities and the receipt of interest thereon at such times and in such amounts that sufficient moneys shall be available to pay, when due, principal and interest due with respect to the 1990 Series A Bonds to be refunded to and including December 1, 2000, and to redeem all outstanding 1990 Series A Bonds to be refunded in full on December 1, 2000, at the redemption price of 102% of the principal amount thereof, plus accrued interest.

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APPENDIX E

CAPITAL GUARANTY INSURANCE COMPANY
FINANCIAL GUARANTY BOND

ISSUER:

BOND NUMBER:

ISSUE:

PREMIUM:

GUARANTIED MATURITIES:

DATED DATE:

Capital Guaranty Insurance Company, ("Capital") a corporation organized under the laws of Maryland, in consideration of the premium paid or directed to be paid and subject to the terms of this Bond, hereby unconditionally and irrevocably agrees as surety, to pay the OBLIGATION to _____ ("Paying Agent"), or its successor as Paying Agent for the OWNERS.

Capital will make such payment through one of its DISBURSING AGENTS on the date such principal or interest becomes Due for Payment, or on the Business Day next following the day on which NOTICE OF NONPAYMENT is received, whichever is later. DISBURSING AGENT will disburse to the Paying Agent the amount of the OBLIGATION which is then DUE FOR PAYMENT but is unpaid by reason of such NONPAYMENT but only upon receipt by DISBURSING AGENT, in a form reasonably satisfactory to it, of (i) evidence of the OWNER'S right to receive such payment, and (ii) evidence, including any appropriate instruments of assignment, that all of the OWNER'S rights to such payment shall thereupon vest in Capital.

Upon such disbursement, Capital shall become the OWNER of that portion of the OBLIGATION as paid, including any appurtenant coupon or right to payment of principal or interest on such OBLIGATION and shall be fully subrogated to the OWNER'S right to payment thereof. In addition, Capital has the rights of a surety as to reimbursement from the ISSUER (or other obligor responsible for payment of the OBLIGATION) as principal. By its acceptance of this Financial Guaranty Bond, the holder hereof agrees on behalf of the OWNER that upon payment by Capital of the OBLIGATION, Capital shall be fully subrogated to all of OWNER'S right, title and interest in the OBLIGATION including, but not limited to, the right to commence and pursue legal proceedings in respect of the OBLIGATION and to direct any Bond Trustee under an Indenture securing the OBLIGATION or similar agent notwithstanding that payments of the OBLIGATION may become due in the future or may be guarantied by others.

This Bond is not cancellable for any reason. The premium on this Bond is not refundable for any reason, including the payment of the OBLIGATION prior to its maturity. This Bond does not insure (a) that any prepayment premium will be paid upon payment of the OBLIGATION prior to its maturity as a result of optional redemption or a tax call, or (b) that any amount received or to be received upon the OBLIGATION is or will remain exempt from State or Federal taxation, or (c) that any compensatory payment will be made to OWNER as a result of a determination of taxability.

DEFINITIONS: As used herein, the term:

- (i) "BUSINESS DAY" means any day on which Disbursing Agent is open for business.
- (ii) "DISBURSING AGENT" means a bank or trust company selected by Capital, or a successor Disbursing Agent, designated to receive and remit funds on behalf of Capital.
- (iii) "DUE FOR PAYMENT" means, when referring to the principal of the Obligation, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of any other call for redemption, acceleration by reason of default, or other advancement of maturity. When referring to interest on the Obligation, "Due for Payment" means the stated date for payment of interest. Principal and interest previously paid by the Paying Agent, but thereafter recovered from any Owner to whom such payment was made pursuant to a final judgment by any court of competent jurisdiction holding that such payment constituted a voidable preference within the meaning of any applicable bankruptcy law ("Preferential Payments"), shall be deemed Due for Payment hereunder upon receipt by Disbursing Agent of evidence of recovery of such funds from the Owner.
- (iv) "NONPAYMENT" means the failure of the Issuer (or other obligor responsible for payment of the Obligations) to have provided to the Paying Agent funds sufficient to pay all principal and interest on the Obligation which is then Due for Payment. "Nonpayment" also includes Preferential Payments.
- (v) "NOTICE OF NONPAYMENT" means telephonic or telegraphic notice to Capital, subsequently confirmed in writing, or written notice, in the form of Exhibit A attached hereto, to Capital by registered or certified mail, from an Owner or Paying Agent for the Obligation. Notice to Capital shall be given or addressed to the Claims Officer, Capital Guaranty Insurance Company, Steuart Tower, 22nd Floor, One Market Plaza, San Francisco, California 94105, telephone (415) 995-8000.

- (vi) "OBLIGATION" means the payment of principal and interest scheduled to be paid on the Issue, but only with respect to the Guaranteed Maturities thereof, together with any mandatory redemption premium then required to be paid which shall have become Due for Payment but shall be unpaid by reason of Nonpayment.
- (vii) "OWNER" means, as to the Guaranteed Maturities of the Issue, the person who, at the time of Nonpayment, is entitled to payment thereon, but does not include the Issuer or any person whose agreement to pay funds to or on behalf of the Issuer secures the Obligation.

In Witness Whereof, Capital Guaranty Insurance Company has caused this Financial Guaranty Bond to be signed by its duly authorized officers to become effective on the date set forth below.

CAPITAL GUARANTY INSURANCE COMPANY

By: _____
Title: _____

By: _____
Title: _____

Effective Date:

SPECIMEN

[Countersignature if required by state law]

CA4102688DJS

FINANCIAL GUARANTY BOND ENDORSEMENT
BOND NUMBER:

CALIFORNIA

ATTACHED TO and forming part of this FINANCIAL GUARANTY BOND NUMBER
issued by Capital Guaranty Insurance Company ("Capital Guaranty").

ADDITIONAL TERMS AND CONDITIONS

In the event Capital Guaranty were to become insolvent, any claims arising under this Financial Guaranty Bond are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division I of the California Insurance Code.

No acceleration of payment due under the OBLIGATION shall be due under this Financial Guaranty Bond unless such acceleration is at the sole option of Capital Guaranty; therefore, "DUE FOR PAYMENT" includes the date the OBLIGATION has been duly called for redemption or has been duly accelerated as a result of a call or direction for redemption or acceleration when such call or direction has been made or given by Capital Guaranty or required, and was effected only with, the express written consent of Capital Guaranty.

In Witness Whereof, Capital Guaranty Insurance Company has caused this Financial Guaranty Bond Endorsement to be signed by its duly authorized officers to become effective on the date set forth in the Financial Guaranty Bond.

CAPITAL GUARANTY INSURANCE COMPANY

By: _____

Title:

By: _____

Title:

EXHIBIT A TO CAPITAL GUARANTY FINANCIAL GUARANTY BOND

[letterhead of Paying Agent]

NOTICE OF NONPAYMENT

[Date]

To: Capital Guaranty Insurance Company
Steuart Tower, 22nd Floor
One Market Plaza
San Francisco, California 94105
Attention: Claims Officer
Telephone: (415) 995-8000
Telecopy: (415) 995-8008

Re: Financial Guaranty Bond Number _____

Issuer:	Issue:
Series:	Dated Date:
Guarantied Maturities:	

Ladies and Gentlemen:

All capitalized terms used herein have the same meaning as is set forth in the Financial Guaranty Bond.

In accordance with the above-captioned Financial Guaranty Bond, you are hereby notified of a Nonpayment under the referenced Issue.

An amount is currently Due for Payment by Issuer but is unpaid, or is expected to be unpaid, by reason of the following Nonpayment:

- ☐ The principal of the Obligation in the amount of \$_____ is unpaid, or is expected to be unpaid, as of its stated maturity on _____, 19__;
- ☐ The principal of the Obligation in the amount of \$_____ is unpaid, or is expected to be unpaid, as of the date on which it has been duly called for a mandatory sinking fund redemption on _____, 19__;
- ☐ Interest on the Obligation in the amount of \$_____ is unpaid, or is expected to be unpaid, as of the stated date for payment on _____, 19__; and/or
- ☐ Principal in the amount of \$_____ and interest in the amount of \$_____ which were previously paid at stated maturity, on mandatory sinking fund redemption or at the stated date for payment, have since been recovered from an Owner to whom such payment was made pursuant to a final judgment by a court of competent jurisdiction holding that such payment constituted a voidable preference within the meaning of any applicable bankruptcy law.

NOTICE OF NONPAYMENT
[DATE]
Page 2

All monies received from you shall be applied directly to the payment to the Owners of the captioned Obligations and for no other purpose.

I have attached hereto a certified copy of the resolution of the Board of Directors or the applicable provisions of the by-laws which authorize me to execute this notice.

Dated: _____

By: _____

Title: _____

SPECIMEN

CAPITAL GUARANTY

CAPITAL GUARANTY INSURANCE COMPANY

FINANCIAL STATEMENT
(Statutory Basis)

March 31, 1993

ASSETS

Cash (Includes Money Markets)	\$ 15,524,140
Investments	197,286,699
Accrued Interest	3,273,207
Other Assets	12,124,275
	<u>\$228,208,321</u>

LIABILITIES AND POLICYHOLDERS' SURPLUS

Contingency Reserve	\$ 19,152,372
Unearned Premiums	89,966,453
Other Liabilities	1,417,384
Policyholders' Surplus	117,672,112
Total Liabilities and Policyholders' Surplus	<u>\$228,208,321</u>

